

FOREIGN
RELATIONS
OF THE
UNITED
STATES

1969–1976

VOLUME E–11

PART 2

DOCUMENTS ON
SOUTH AMERICA,
1973–1976



DEPARTMENT
OF
STATE

Washington



Foreign Relations of the United States, 1969–1976

Volume E–11

Part 2

Documents on South America, 1973–1976

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Washington
2015

Preface

The *Foreign Relations of the United States* series presents the official documentary historical record of major foreign policy decisions and significant diplomatic activity of the United States Government. The Historian of the Department of State is charged with the responsibility for the preparation of the *Foreign Relations* series. The staff of the Office of the Historian, Bureau of Public Affairs, under the direction of the General Editor of the *Foreign Relations* series, plans, researches, compiles, and edits the volumes in the series. Secretary of State Frank B. Kellogg first promulgated official regulations codifying specific standards for the selection and editing of documents for the series on March 26, 1925. These regulations, with minor modifications, guided the series through 1991.

Public Law 102-138, the *Foreign Relations* Authorization Act, which was signed by President George H.W. Bush on October 28, 1991, established a new statutory charter for the preparation of the series. Section 198 of P.L. 102-138 added a new Title IV to the Department of State's Basic Authorities Act of 1956 (22 U.S.C. 4351, et seq.).

This statute requires that the *Foreign Relations* series be a thorough, accurate, and reliable record of major United States foreign policy decisions and significant United States diplomatic activity. The volumes of the series should include all records needed to provide comprehensive documentation of major foreign policy decisions and actions of the United States Government. The statute also confirms the editing principles established by Secretary Kellogg: the *Foreign Relations* series is guided by the principles of historical objectivity and accuracy; records should not be altered or deletions made without indicating in the published text that a deletion has been made; the published record should omit no facts that were of major importance in reaching a decision; and nothing should be omitted for the purposes of concealing a defect in policy. The statute also requires that the *Foreign Relations* series be published not more than 30 years after the events recorded.

Structure and Scope of the Foreign Relations Series

This volume is part of a subseries of volumes of the *Foreign Relations* series that documents the most important issues in the foreign policy of the administrations of Presidents Richard M. Nixon and Gerald R. Ford.

Although intended to stand on its own, this volume should be read in conjunction with other volumes in the series, in particular *Foreign Re-*

lations, 1969–1976, Volume E–10, Documents on American Republics, 1969–1972. The reader should also consult *Foreign Relations*, 1969–1976, Volume E–11, Part 1, Documents on Mexico; Central America; and the Caribbean, 1973–1976, *Foreign Relations*, 1969–1976, Volume XXI, Chile, 1969–1973, and *Foreign Relations*, 1969–1976, Volume XXII, Panama, 1973–1976, for further documentation on the Nixon administration's overall policy in Latin America.

Focus of Research and Principles of Selection for Foreign Relations, 1969–1976, Volume E–11, Part 2

This volume documents U.S. relations with South America between 1973 and 1976. U.S. relations with Chile through mid-September 1973 are covered in *Foreign Relations*, 1969–1976, Volume XXI, Chile, 1969–1973, and U.S. relations with Panama are covered in *Foreign Relations*, 1969–1976, Volume XXII, Panama, 1973–1976. The eight compilations herein illustrate both the formulation of a new U.S. policy towards the region as a whole: Argentina, Bolivia, Brazil, Chile (beginning in late September 1973), Colombia, Peru, Uruguay, and Venezuela.

U.S. policy toward Latin America during this period centered on establishing what Henry A. Kissinger called a “New Dialogue” with the region. Launched in October 1973, just days after Kissinger took office as Secretary of State, the “New Dialogue” was envisioned as a constructive way for the United States to meet the challenge posed by the perceived emergence of a Latin American regional bloc. The initiative called for regular meetings of foreign ministers to address issues of mutual concern and aimed to restore a sense that a special relationship existed among the United States and its neighbors to the south. Successful meetings among several Latin American foreign ministers and the U.S. Secretary of State took place in Mexico City and Washington in 1974. By the time Kissinger made his trips to Latin America as Secretary of State in February and June 1976, however, U.S. officials had largely abandoned the idea of pursuing a unified regional policy as called for by the “New Dialogue.” Instead, recognizing that Latin America was not a monolithic bloc, the Ford administration focused on bilateral relations with the nations of the hemisphere.

Increasing congressional and public concern with human rights issues affected U.S. policy toward much of Latin America during the mid-1970s. These concerns focused to a large extent on Chile and Argentina, where military regimes aimed to stamp out what they saw as Communist-inspired efforts at subversion. In 1976, evidence began to surface suggesting that the security services of the Southern Cone nations were engaged in a coordinated, transnational effort to eliminate their opponents. Concern in the United States over Operation Condor became especially acute after the killing of former Chilean Foreign

Minister Orlando Letelier in Washington in October 1976. Readers interested in documentation on Operation Condor should consult the chapters in this volume on Argentina, Brazil, Chile, and Uruguay.

Editorial Methodology

The documents are presented chronologically according to Washington time. Memoranda of conversations are placed according to the date and time of the conversation, rather than the date a memorandum was drafted. Documents chosen for printing are authoritative or signed copies, unless otherwise noted.

Editorial treatment of the documents published in the *Foreign Relations* series follows Office style guidelines, supplemented by guidance from the General Editor and the Chief of the Editing and Publishing Division. The documents are reproduced as exactly as possible, including marginalia or other notations, which are described in the footnotes. Texts are transcribed and printed according to accepted conventions for the publication of historical documents within the limitations of modern typography. A heading has been supplied by the editors for each document included in the volume. Spelling, capitalization, and punctuation are retained as found in the original text, except that obvious typographical errors are silently corrected. Other mistakes and omissions in the documents are corrected by bracketed insertions: a correction is set in italic type; an addition in roman type. Words or phrases underlined in the source text are printed in italics. Abbreviations and contractions are preserved as found in the original text, and a list of abbreviations is included in the front matter of each volume. In telegrams, the telegram number (including special designators such as Secto) is printed at the start of the text of the telegram.

Bracketed insertions are also used to indicate omitted text that deals with an unrelated subject (in roman type) or that remains classified after declassification review (in italic type). The amount and, where possible, the nature of the material not declassified has been noted by indicating the number of lines or pages of text that were omitted. Entire documents withheld for declassification purposes have been accounted for and are listed with headings, source notes, and number of pages not declassified in their chronological place. All brackets that appear in the original text are so identified in footnotes. All ellipses are in the original documents.

The first footnote to each document indicates the document's source, original classification, distribution, and drafting information. This note also provided the background of important documents and policies and indicates whether the President or his major policy advisers read the document.

Editorial notes and additional annotation summarize pertinent material not printed in the volume, indicate the location of additional

documentary sources, provide references to important related documents printed in other volumes, describe key events, and provide summaries of and citations to public statements that supplement and elucidate the printed documents. Information derived from memoirs and other first-hand accounts has been used where appropriate to supplement or explicate the official record.

Advisory Committee on Historical Diplomatic Documentation

The Advisory Committee on Historical Diplomatic Documentation, established under the *Foreign Relations* statute, reviews records, advises, and makes recommendations concerning the *Foreign Relations* series. The Advisory Committee monitors the overall compilation and editorial process of the series and advises on all aspects of the preparation and declassification of the series. The Advisory Committee does not necessarily review the contents of individual volumes in the series, but it makes recommendations on issues that come to its attention and reviews volumes, as it deems necessary to fulfill its advisory and statutory obligations.

Presidential Recordings and Materials Preservation Act Review

Under the terms of the Presidential Recordings and Materials Preservation Act (PRMPA) of 1974 (44 U.S.C. 2111 note), the National Archives and Records Administration (NARA) has custody of the Nixon Presidential historical materials. The requirements of the PRMPA and implementing regulations govern access to the Nixon Presidential historical materials. The PRMPA and implementing public access regulations require NARA to review for additional restrictions in order to ensure the protection of the privacy rights of former Nixon White House officials, since these officials were not given the opportunity to separate their personal materials from public papers. Thus, the PRMPA and implementing public access regulations require NARA formally to notify the Nixon Estate and former Nixon White House staff members that the agency is scheduling for public release Nixon White House historical materials. The Nixon Estate and former White House staff members have 30 days to contest the release of Nixon historical materials in which they were a participant or are mentioned. Further, the PRMPA and implementing regulations require NARA to segregate and return to the creator of files private and personal materials. All *Foreign Relations* volumes that include materials from NARA's Nixon Presidential Materials Staff are processed and released in accordance with the PRMPA.

Declassification Review

The Office of Information Programs and Services, Bureau of Administration, conducted the declassification review for the Department

of State of the documents published in this volume. The review was conducted in accordance with the standards set forth in Executive Order 12958, as amended, on Classified National Security Information and other applicable laws.

The principle guiding declassification review is to release all information, subject only to the current requirements of national security, as embodied in law and regulation. Declassification decisions entailed concurrence of the appropriate geographic and functional bureaus in the Department of State, other concerned agencies of the U.S. Government, and the appropriate foreign governments regarding specific documents of those governments. The declassification review of this volume, which began in 2008 and was completed in 2013, resulted in the decision to withhold 1 document in full, excise a paragraph or more in 11 documents, and make minor excisions of less than a paragraph in 35 documents.

The Office of the Historian is confident, on the basis of the research conducted in preparing this volume and as a result of the declassification review process described above, that the documentation and editorial notes presented here provide a thorough, accurate, and reliable—given the limitations of space—record of the policy of the Nixon and Ford administrations toward the American Republics.

Acknowledgements

The editors wish to acknowledge the assistance of the staff at the Nixon Presidential Materials Project of the National Archives and Records Administration at College Park, Maryland, and Melissa Heddon at the Nixon Presidential Library and Museum at Yorba Linda, California. The editors also wish to thank Geir Gunderson, Donna Lehman, and Helmi Raaska at the Gerald R. Ford Presidential Library in Ann Arbor, Michigan, for their expertise and assistance. The editors would like to acknowledge the Historical Staff of the Central Intelligence Agency, who arranged access to Agency Files, and John Haynes of the Library of Congress, who was responsible for expediting access to the Kissinger Papers. The editors were able to use the Kissinger Papers with the permission of Dr. Henry Kissinger. The editors would like to thank the staff in the Manuscript Reading Room at the Library of Congress for their assistance and Sandy Meagher for her assistance in expediting the use of Department of Defense files.

Halbert Jones, James Siekmeier, and Sara Berndt collected the documents, made the selections, and annotated them under the direct supervision of successive chiefs of the Division, Douglas Kraft and Myra Burton, and under the general direction of two successive General Editors, Edward C. Keefer and Adam M. Howard. Dean Weatherhead coordinated the declassification review under the supervision of the

Chief of the Declassification Division, Carl Ashley. David Geyer and Alexander Poster assumed responsibility for resolving substantive issues of compilation and review during the final stages of production.

Adam M. Howard, Ph.D.

General Editor

Stephen P. Randolph, Ph.D.

The Historian

Bureau of Public Affairs
December 2015

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Sources

Sources for the Foreign Relations Series

The 1991 *Foreign Relations* statute requires that the published record in the *Foreign Relations* series include all records needed to provide comprehensive documentation on major U.S. foreign policy decisions and significant U.S. diplomatic activity. It further requires that government agencies, departments, and other entities of the U.S. Government engaged in foreign policy formulation, execution, or support cooperate with the Department of State Historian by providing full and complete access to records pertinent to foreign policy decisions and actions and by providing copies of selected records. Most of the sources consulted in the preparation of this volume have been declassified and are available for review at the National Archives and Records Administration.

The editors of the *Foreign Relations* series have complete access to all the retired records and papers of the Department of State: the central files of the Department; the special decentralized files ("lot files") of the Department at the bureau, office, and division levels; the files of the Department's Executive Secretariat, which contain the records of international conferences and high-level official visits, correspondence with foreign leaders by the President and Secretary of State, and memoranda of conversations between the President and Secretary of State and foreign officials; and the files of overseas diplomatic posts. All the Department's indexed central files through July 1973 have been permanently transferred to the National Archives and Records Administration at College Park, Maryland (Archives II). Many of the Department's decentralized office files covering the 1969–1976 period, which the National Archives deems worthy of permanent retention, have been transferred or are in the process of being transferred from the Department's custody to Archives II.

The editors of the *Foreign Relations* series also have full access to the papers of Presidents Nixon and Ford as well as other White House foreign policy records. Presidential papers maintained and preserved at the Presidential libraries include some of the most significant foreign affairs-related documentation from the Department of State and other Federal agencies including the National Security Council, the Central Intelligence Agency, the Department of Defense, and the Joint Chiefs of Staff. Dr. Henry Kissinger has approved access to his papers at the Library of Congress. These papers are a key source for the Nixon-Ford subseries of the *Foreign Relations* series.

Research for this volume was completed through special access to restricted documents at the Nixon Presidential Materials Project, the Ford Presidential Library, the Library of Congress, and other agencies. While all the material printed in this volume has been declassified, some of it is extracted from still classified documents. In the time since the research for this volume was completed, the Nixon Presidential Materials have been transferred to the Nixon Presidential Library and Museum in Yorba Linda, California. The Nixon Presidential Library staff is processing and declassifying many of the documents used in this volume, but they may not be available in their entirety at the time of publication.

Sources for Foreign Relations, 1969–1976, Volume E–11, Part 2

As is typical of *Foreign Relations* volumes covering periods after the beginning of the Cold War, the core documentation is located in the National Security Council (NSC) files in the Presidential Libraries. For this volume, editors consulted the NSC files at the Nixon Presidential Materials Project, in College Park, Maryland, and the Ford Presidential Library in Ann Arbor, Michigan. The NSC Country Files for the Nixon administration provide key documentation for individual Latin American countries, as well as documents on U.S. policy toward the region. Editors also consulted one other important collection in the Nixon Presidential Materials Project—the NSC Presidential Correspondence File.

At the Ford Presidential Library, editors consulted the National Security Adviser, NSC Presidential Country Files for Latin America and the NSC Latin American Affairs Staff Files (Convenience Files). In addition to the Country Files, the NSC Institutional Files (or Historical Files) contain important documents produced by the inter-departmental group that made policy on Latin America. The Institutional Files contain minutes of NSC meetings and supporting material. A particularly useful collection, the National Security Adviser's Memorandum of Conversation Files, contains transcripts of important conversations among the President, National Security Adviser, and foreign leaders. Two other collections at the Ford Presidential Library proved important in the compilation of this volume: the Presidential Handwriting File and Presidential Correspondence with Heads of State.

The Nixon Administration Intelligence Files and the NSC Intelligence Files, housed at the NSC, contain the most useful information regarding high-level intelligence activities. In particular, memoranda and reports located in the 40 Committee files and Subject and Country Files proved especially fruitful. In addition, the Central Intelligence Agency files contain important finished intelligence and analyses of significant trends in Latin America. The most useful sources on related intelligence activities were files from the Office of the Director of Cen-

tral Intelligence, the National Intelligence Council, and the Office of Support Services.

The core of Department of State documentation is located in the Subject-Numeric Files, 1970–1973, located at the National Archives research facility (Archives II) in College Park, Maryland. These files contain telegrams, airgrams, letters, and memoranda. In addition, material from mid-1973 to 1976, in particular memoranda of conversation among Kissinger and Foreign Ministers and heads of state, are located in digitized form in the Access Archival Database (AAD) and the Central Foreign Policy File, including documents from the P, D, and N Reels. Particularly useful are Kissinger's memoranda of conversation and transcripts of his staff meetings. This documentation is located in two collections, both housed at Archives II—the files of the Office of Secretary of State, Transcripts of Henry A. Kissinger's Staff Meetings, 1973–1977, and the Office of the Secretary, Records of Henry A. Kissinger, 1973–1977. Other important Department documentation is located in the Lot Files of the Bureau of Inter-American Affairs, housed at Archives II. These are divided into lot files for individual officers, regional policy, and individual countries. One Lot File of note is National Security Study Memoranda, 1969–1977, Lot 80D212. Located in that file are important top-level documents on the inter-agency policymaking process.

In addition to NSC, CIA, and Department of State records, other repositories were consulted. The Kissinger Papers at the Library of Congress contain mainly copies of documents available in the NSC files of the Nixon Presidential Materials Project and the Ford Library. However, some material could only be located in the Kissinger Papers. In particular, Kissinger's summaries for the President of his meetings with foreign leaders during his trip to Latin America in early 1976 proved informative. The Geopolitical File and the Memorandum of Conversations File proved especially useful. In addition, Kissinger's transcripts of his telephone conversations (telcons) are an important source of information on Kissinger's relationship with other Cabinet officials, top White House officials, and members of Congress.

Department of Defense records, housed at the Washington National Records Center in Suitland, Maryland, are instrumental in documenting U.S. policy toward Latin America, in particular sales of armaments. The most useful documentation can be found in the Office of the Secretary of Defense files. The Department of Defense documentation is housed in Record Group 330.

For researchers interested in Chile, the U.S. Government, in an inter-agency effort, declassified documents on U.S. relations with Chile from 1968 to 1991. The declassified documents are available on the Department of State website in the FOIA Electronic reading room, in the

State Chile Collections. In preparation for this project, entities of the U.S. Government were required to collect classified documents that would perhaps be of use to the U.S. officials who were coordinating the declassification project. In the Ford Presidential Library, those materials are located in the Project File in the Pinochet/Chile collection.

Unpublished Sources

Department of State

Central Files. See National Archives and Records Administration below.

Lot Files. For lot files already transferred to the National Archives and Records Administration, see RG 59, National Archives and Records Administration.

INR/IL Historical Files

Historical files of the Office of Intelligence Liaison of the Bureau of Intelligence and Research, in the custody of the Department of State, 1940s–1980s, including: Asunción, 1969–1979; Brasília, 1975; Lima, 1963–1979; Montevideo 1962–79; Santiago, 1963–1979; Uruguay 1973–1980; and ARA–CIA Weekly Meetings, 1976–1977.

FOIA Electronic Reading Room. This resource, located at <http://foia.state.gov>, provides access to various collections of declassified Department of State records, including the following relevant to the subject matter of this volume:

Argentina Project
Chile Project
Kissinger Transcripts

National Archives and Records Administration, College Park, Maryland

Nixon Presidential Materials

National Security Council Files, Country Files, Latin America

National Security Council Files, Institutional Files (H-Files)

Senior Review Group Minutes
NSC Meeting Minutes
NSSM
NSDM
NSDM Policy Papers

Nixon Tapes

RG 59, Records of the Department of State

Subject-Numeric Central Files. The subject-numeric system is divided into broad categories: Administration, Consular, Culture and Information, Economic, Political and Defense, Science, and Social. Within each of these divisions are subject subcategories. For example, the Political and Defense category encompasses four subcategories: POL (Politics), DEF (Defense), CSM (Communism), and INT (Intelligence). Numerical subdivisions specified in the Department Record Classification Handbook further define the subject of filed material. This filing system was in use from 1963 through 1973. The following are the principal central files consulted and cited in this volume.

ORG 7 S: visits of the Secretary of State

POL 7 ARG: Argentina, visits and meetings

POL ARG-US: Argentine-U.S. political relations

POL 7 BOL: Bolivia, visits and meetings

POL 29 BOL: political prisoners in Bolivia

POL 1 BOL-US: general policy and background on Bolivian-U.S. relations

POL BRAZ-US: Brazilian-U.S. political relations

POL 1 BRAZ-US: general policy and background on Brazilian-U.S. relations

POL 23-9 CHILE: rebellion and coups in Chile

POL 29 CHILE: political prisoners in Chile

POL CHILE-US: Chilean-U.S. political relations

POL COL-US: Colombian-U.S. political relations

POL 1 COL-US: general policy and background on Colombian-U.S. political relations

POL PERU-US: Peruvian-U.S. political relations

POL 15 UR

POL 23-8 UR

POL VEN-US: Venezuelan-U.S. political relations

POL 1 VEN-US: general policy and background on Venezuelan-U.S. relations

Central Foreign Policy File. Beginning in mid-1973, Department of State telegrams were stored and indexed electronically, and beginning in 1974, other Department of State records were catalogued electronically and preserved on microfilm. The electronic telegrams are accessible through NARA's Access to Archival Databases (AAD) system (<http://aad.archives.gov>). Paper copies of most microfilmed records are available at NARA.

Electronic Telegrams

P-reel index

XVI Sources

P-reel documents

D-reel telegrams

Lot Files. These are the decentralized files maintained within individual offices of the Department of State.

ARA Files: Lots 75D476, 80D43, 81D324

Subject and country files of the Assistant Secretary of State for Inter-American Affairs and U.S. Coordinator, Alliance for Progress, 1964–1975

ARA/AND Files: Lot 78D46

Records Relating to Bolivia, 1976–1978

ARA/AND Files: Lot 79D18

Records Relating to Peru

ARA/BR Files: Lot 75D224

Records of the Office of Brazilian Affairs relating to Brazil, 1963–1975

ARA/ECA/A Files: Lot 78D56

Records of the Office of East Coast Affairs relating to Argentina, 1967–1975

ARA/NCA/C Files: Lot 78D45

Records of the Office of North Coast Affairs relating to Colombia, 1967–1975

ARA/NCA/V Files: Lots 73D423, 76D465

Records of the Office of North Coast Affairs relating to Venezuela, 1967–1975

Defense Attache Files: Lot 94D501

Defense Attache Files 1960–81

HA Files: Lots 77D391, 80D177

Subject and country files of the Bureau of Human Rights and Humanitarian Affairs, 1973–1977

L/ARA Files: Lot 81D324

Subject and country files of the Deputy Legal Adviser for Inter-American Affairs, 1965–1979

National Security Study Memoranda, 1969–1977: Lot 80D212

Personal Papers of Ambassador David H. Popper: Lot 82D280

Records of Henry Kissinger: Lot 91D414

Records of Secretary of State Kissinger, 1973–1977, primarily memoranda of conversation

S/S–I Files: Lot 77D149

Principal Memoranda

Secretary's Calendar of Events: Lot 76D284

Executive Secretary Briefing Books, 1958–1976

Transcripts of Kissinger Staff Meetings, Entry 5177

Minutes of Secretary of State Kissinger's staff meetings, 1973–1977 (formerly Lot 78D443)

Gerald R. Ford Presidential Library, Ann Arbor, Michigan

National Security Adviser Files

HAK-Scowcroft West Wing Office Files

Memoranda of Conversation

NSC Latin American Affairs Staff Files

NSC Staff for Information Liaison with Commissions and Committees,

Presidential Correspondence with Foreign Leaders, 1974–1977

Presidential Country Files for Latin America

Scowcroft Daily Work Files

Trip Briefing Books/Cables of HAK

Collections of Individuals

Seidman, L. William

Shmultz, Edward C.

White House

White House Central Files, Subject Files

Other Collections

Presidential Handwriting

Project File on Pinochet/Chile

Central Intelligence Agency

National Intelligence Council

Job 79R01012A

Office of Support Services (DI) Files

Job 79T00861A

Job 79T00863A

Job 79T00865A

Job 79R01099A

Office of the Director of Central Intelligence Files

Job 80M01066A

Job 80M01048A

Office of Current Intelligence Files

Job 85T00353R

FOIA Electronic Reading Room, <http://foia.cia.gov>

Washington National Records Center, Suitland, Maryland

Record Group 330, Records of the Office of the Secretary of Defense

OSD Files: 330–78–0001, 330–79–0037, 330–79–0061

Decimal subject files of the Office of the Secretary of Defense, 1973–1976

National Security Council

Nixon Administration Intelligence Files

NSC Intelligence Files

Library of Congress

Henry A. Kissinger Papers

Geopolitical File, 1964–1976

Memoranda of Conversations, 1969–1977

Telephone Records, 1969–1976

Published Sources

Kissinger, Henry A. *Years of Renewal*. New York: Simon and Schuster, 1999.

U.S. Department of State. *The Department of State Bulletin*. 1973–1976.

U.S. National Archives and Records Administration. *Public Papers of the Presidents of the United States: Richard Nixon, 1973, 1974*. Washington: Government Printing Office, 1975 and 1975.

———. *Public Papers of the Presidents of the United States: Gerald R. Ford, 1974, 1975, 1976–1977*. Washington: Government Printing Office, 1975, 1977, and 1979.

Abbreviations and Terms

AAA, *Alianza Anticomunista Argentina* (Argentine Anticommunist Alliance)

ACDA, Arms Control and Disarmament Agency

AD, *Acción Democrática* (Democratic Action), Venezuelan political party

Adm., Admiral

AECA, Arms Export Control Act

AF, Bureau of African Affairs, Department of State

AI, Amnesty International

AID, Agency for International Development

AMCIT, American citizen

ANAPO, *Alianza Nacional Popular* (National Popular Alliance), Colombian political party

APC, armored personnel carrier

APRA, *Alianza Popular Revolucionaria Americana* (American Popular Revolutionary Alliance), Peru

Apristas, members of APRA

ARA, Bureau of Inter-American Affairs, Department of State

ARA/ECA, Office of East Coast Affairs, Bureau of Inter-American Affairs, Department of State

ARA/LA/EP, Ecuador and Peru, Bureau of Inter-American Affairs, Department of State

ARA/LA, Bureau of Inter-American Affairs, Department of State; Bureau for Latin America, Agency for International Development

ARA/LA/APU, Office of Argentine, Paraguayan, and Uruguayan Affairs, Bureau of Inter-American Affairs, Department of State; Office of Argentine, Paraguayan, and Uruguayan Affairs, Bureau for Latin America, Agency for International Development

ARA/MGT/FM, Financial Management Division, Office of Management, Bureau of Inter-American Affairs, Department of State

ARD, accelerated rural development

ARENA, *Aliança Renovadora Nacional* (National Renewal Alliance), Brazilian political party

ARMA, U.S. Army Attaché

ASAP, as soon as possible

BA, Buenos Aires

BAF, Brazilian Air Force

B/D, barrels per day

Brig. Gen., Brigadier General

Carros de as alto, assault vehicles

CASP, Country Analysis and Strategy Paper

CAT, *Comisión asesora del transporte* (Transport Assessment Commission) Colombia

CCC, Commodity Credit Corporation

CGT, General Confederation of Workers

CIA, Central Intelligence Agency

CIAP, *Comité Interamericana de Alianza para el Progreso* (Inter-American Committee for the Alliance for Progress)

CIEC, Conference on International Economic Cooperation

CIEP, Council on International Economic Policy

XX Abbreviations and Terms

CIES, *Consejo Interamericano Económico y Social* (Inter-American Economic and Social Council), Organization of American States

CINC, Commander in Chief

CINCSO, Commander in Chief, Southern Command

CNT, *Convención Nacional de Trabajadores* (National Workers' Convention), Uruguay

COB, close of business

CODEL, Congressional Delegation

CONFADENA, *Confederación de las Fuerzas Armadas de la Nación* (Confederation of the Armed Forces of the Nation), Bolivia

COM, Chief of Mission

COMUSCINCSO, Chief of Mission, USCINCSO

CONATON, Argentine Drug Policy Coordinating Board

CONGEN, Consulate-General

COPEI, *Comité de Organización Política Electoral Independiente* (Committee of Independent Electoral Political Organization) Venezuelan political party

CPD, Congressional Presentation Document

CRA, continuing resolution

CSAF, Chief of Staff, U.S. Air Force

CT, Country Team

CUT, *Central Unitaria de Trabajadores* (Unitary Organization of Workers), Chilean labor organization

CVP, cost, value, profit

CY, calendar year

D, Democrat; Deputy Secretary of State

DA, Department of the Army

DAO, Defense Attaché Office

DAS, *Departamento Administrativa de Seguridad* (Administrative Security Department), Colombia

DATT, Defense Attaché

DC, developed country

DCI, Director of Central Intelligence

DCM, Deputy Chief of Mission

DDI, Deputy Director of Intelligence, Central Intelligence Agency

DDO, Deputy Director of Operations, Central Intelligence Agency

DEA, Drug Enforcement Administration

DEFATT, Defense Attaché

D/HA, Coordinator for Humanitarian Affairs, Department of State

D/HA/ORM, Office of the Coordinator for Refugee and Migration Affairs, Department of State

D/HR, Deputy Coordinator for Human Rights, Department of State

DIA, Defense Intelligence Agency

DINA, *Dirección de Inteligencia Nacional*, National Intelligence Directorate, Chile

Dissem, dissemination

D/LOS, Staff Director, NSC Interagency Task Force on Law of the Sea

DOD, Department of Defense

DOD/ISA, Bureau of International Security Affairs, Department of Defense

DOD/OSD, Office of the Secretary of Defense

Dols, Dollars

E, Bureau of Economic Affairs Department of State

EA, Bureau of East Asian and Pacific Affairs, Department of State

EB, Bureau of Economic and Business Affairs, Department of State

EB/ICD, Office of International Commodities, Bureau of Economic and Business Affairs, Department of State
EC, European Community
ERDA, Energy Research and Development Administration
ERP, *Ejército Revolucionario del Pueblo* (Revolutionary Army of the People), Argentine guerrilla group
ESMACO, *Estado Mayor Conjunto de las Fuerzas Armadas*
EUR, Bureau of European Affairs, Department of State
EX-IM, Export-Import Bank

F-2, Colombian Intelligence Service
FAA, Foreign Assistance Act
FAC, *Fuerzas Armadas de Colombia* (Colombian Armed Forces)
FACH, Chilean Air Force
FBI, Federal Bureau of Investigation
FFB, Federal Financing Bank
FMS, Foreign Military Sales
FNU, first name unknown
FOIA, Freedom of Information Act
FONOFF, Foreign Office
FORMIN, Foreign Minister
FPA, Fisherman's Protective Act
FPN, *Frente Popular Nacionalista* (Popular Nationalistic Front), Banzer's ruling coalition, Bolivia
FSO, Foreign Service Officer; Fund for Special Operations
FRG, Federal Republic of Germany (West Germany)
FY, fiscal year

G-2, U.S. Army or Marine Intelligence at Division/Corps level
GA, General Assembly (United Nations)
GAO, Government Accounting Office
GC, *Guardia Civil* (Peru)
GCOB, Government of the Commonwealth of the Bahamas
GDP, gross domestic product
Gen., General
GNS, Guyana National Service
GOA, Government of Argentina
GOB, Government of Brazil; Government of Bolivia
GOC, Government of Chile; Government of Columbia
GOG, Government of Guatemala
GOM, Government of Mexico
GOP, Government of Peru
GOU, Government of Uruguay
GOV, Government of Venezuela
GSP, Generalized System of Preferences
GSA, General Services Administration
GSP, Generalized System of Preferences

H, Bureau of Congressional Relations, Department of State
HAK, Henry A. Kissinger
HAKTO, Telegram from Kissinger
HIRC, House International Relations Committee
HR, human rights
HRC, Human Rights Commission

IA, Inter-American Region, Bureau of International Security Affairs, Department of Defense

IA-5, Fifth Institutional Act (Brazil)

IADB, *see* IDB

IA/DSAA, International Affairs, Defense Security Assistance Agency

IA/ECOSOC, Inter-American Economic and Social Council

IAHRC, Inter-American Human Rights Commission

IBA, International Bauxite Association

IDB, *see* IDB

IBEC, International Basic Economy Corporation

IBRD, International Bank for Reconstruction and Development (World Bank)

ICA, International Coffee Agreement

ICCS, International Commission of Control and Supervision

ICJ, International Commission of Jurists; International Court of Justice

ICRC, International Committee of the Red Cross

ICSID, International Center for Settlement of Investment Disputes

IDB, Inter-American Development Bank

IDC, Information Dominance Center

IFI, international financial institutions

IG, Intergovernmental Group

IM, Intelligence Memorandum

IMC, International Mining Company, Colombia

IMF, International Monetary Fund

INR, Bureau of Intelligence and Research, Department of State

INR/DDC, Deputy Director for Coordination, Bureau of Intelligence and Research, Department of State

INR/IL, Intelligence Liaison, Bureau of Intelligence and Research, Department of State

INR/RAR, Office of Research and Analysis for American Republics, Bureau of Intelligence and Research, Department of State

IO, Bureau of International Organizations Affairs, Department of State

IRB, International Resource Bank

ISA, International Security Affairs, Department of Defense

JBUSMC, Joint Brazilian-U.S. Military Commission

JBUSDC, Joint Brazilian-U.S. Defense Commission

JCS, Joint Chiefs of Staff

L, Legal Adviser, Department of State

LA, Latin America

LAFTA, Latin American Free Trade Area

L/ARA, Assistant Legal Adviser for Inter-American Affairs, Department of State

LAS, Latin American States

LIMDIS, limited distribution

LDC, less developed country

LOS, Law of the Sea

LS, Language Services Division, Department of State

M, Deputy Under Secretary for Management

MAAG, Military Assistance Advisory Group

Maj., Major

Maj. Gen., Major General

MAP, Military Assistance Program

MAP-T, MAP Training Program

MAPU, *Movimiento de Acción Popular Unitaria* (Popular Unitary Action Movement), Chilean political organization

MDB, *Movimento Democrático Brasileiro* (Brazilian Democratic Movement), Brazilian political party

MFM, Meeting of Foreign Ministers

MID, Argentine Political Party

MIG, Soviet Military Aircraft Design Bureau

MILGROUP, or **MILGP**, military group

MIR, *Movimiento Izquierda Revolucionario* (Leftist Revolutionary Movement), political organization in Chile

MNR, *Movimiento Nacionalista Revolucionario* (National Revolutionary Movement), Bolivian political party

MOD, Ministry of Defense

MPLA, *Movimento Popular de Libertação de Angola* (Popular Movement for the Liberation of Angola)

MTN, Multilateral Trade Negotiations

MTT, mobile training teams

MVD, Montevideo

NAC, National Advisory Council

NAM, Non-Aligned Movement

NEA, Bureau of Near Eastern and South Asian Affairs, Department of State

NIAC, night action; needs immediate attention

NIC, National Intelligence Council

NIO, National Intelligence Office/Officer

NPT, Nuclear Nonproliferation Treaty

NODIS, no distribution

NOFORN, not releasable to foreign nationals

NOTAL, not received by all addressees

NSA, National Security Advisor; National Security Agency

NSC, National Security Council

NSC-IG/ARA, National Security Council Interdepartmental Group for Inter-American Affairs

NSDM, National Security Decision Memorandum

NSSM, National Security Study Memorandum

OAS, Organization of American States

OASGA, General Assembly (Organization of American States)

ODC, Office of Defense Cooperation

OECD, Organization for Economic Co-operation and Development

OES, Bureau of Oceans and International Environmental and Scientific Affairs, Department of State

OMB, Office of Management and Budget

OPEC, Organization of Petroleum Exporting Countries

OPIC, Overseas Private Investment Corporation

OPR/LS, Language Services, Office of Protocol

OSD, Office of the Secretary of Defense

P, Under Secretary for Political Affairs, Department of State

P&A, price and availability

PADES, Economic Development Project for the Southern Regions

PCU, *Partido Comunista de Uruguay* (Communist Party of Uruguay)

PDC, *Partido Democrática Christiana* (Christian Democratic Party), Chilean political party

PL, Public Law

XXIV Abbreviations and Terms

PM, Bureau of Politico-Military Affairs, Department of State

POL, Political Section

POLAD, Political Advisor

POM, Program Objectives Memorandum

Prepcon, Preparatory Conference

PRC, People's Republic of China

PRIMIN, Prime Minister

PSD, Argentina (political party)

Reftel, reference telegram

S, Office of the Secretary of State

SEC, Securities and Exchange Commission

SECDEF, Secretary of Defense

SECGEN, Secretary General

SECTO, telegram from the Secretary of State while on travel

SELA, Sistema Económica de Latinoamérica (Latin American Economic System)

S/NM, Special Assistant to the Secretary of State for Narcotics Matters

S/P, Policy Planning Staff, Department of State

S/PRS, Office of Press Relations, Office of the Secretary of State, Department of State

SRG, Senior Review Group

SFRC, Senate Foreign Relations Committee

SOUTHCOM, Southern Command

S/S, Office of the Secretariat Staff, Department of State

SSC, Senate Select Committee

TELCON, telephone conversation

TIPO, (Weapon for Bol, Feb 20 76 BOL)

TOHAK, telegram to Kissinger

TOSEC, telegram to the Secretary of State while on travel

TOW, tube-launched, optically tracked, wire-guided missile

TNE, transnational enterprise

TRA, Trade Reform Act

UCR, *Unión Cívica Radical* (Radical Civic Union), Argentina

UN, United Nations

UNCTAD, United Nations Commission on Trade and Development

UNESCO, United Nations Educational and Social Council

UNGA, United Nations General Assembly

UNHCR, United Nations High Commissioner for Refugees

UNHRC, United Nations Human Rights Commission

UNIDO, United Nations Industrial Development Organization

UNITAS, annual maritime exercises conducted within the U.S. Southern Command

USAID, *see* AID

USAFSO, United States Foreign Service Officer

USARSO, United States Army Forces, Southern Command

USCINCSO, *see* CINCSO

USDAO, *see* DAO

USDEL, United States Delegation

USG, United States Government

USIA, United States Information Agency

USIB, United States Intelligence Board

USN, United States Navy

USSOUTHCOM, *see* SOUTHCOM

USSR, Union of Soviet Socialist Republics

USUN, United States Mission to the United Nations

VAdm, Vice Admiral

WOLA, Washington Office on Latin America

WH, Western Hemisphere

Z, Zulu (Greenwich) Mean time

Persons

- Adriázola Valda, Oscar**, Major General (Ret.), Bolivian Foreign Minister from April 1976
- Agosti, Orlando**, Argentine Air Force Commander in Chief, 1976
- Aguiar, M. Andrés**, Venezuelan Ambassador to the United States from 1973 until 1974
- Aherne, Richard W.**, Bureau of Congressional Relations, Department of State, until July 1974; Office of Political-Economic Affairs from July 1974; Executive Assistant to the Secretary of State from March 1976
- Allana, Ghulam Ali**, Chairman of the Chile Ad Hoc Working Group, United Nations Human Rights Commission, from 1975
- Allende, Gossens Salvador**, President of Chile from November 3, 1970, until September 11, 1973
- Almeyda Medina, Clodomiro**, former Chilean official in the Allende government from 1970 until 1973
- Anderson, Robert**, Special Assistant to the Secretary of State for Press Relations from June 1974
- Ash, Roy L.**, Assistant to the President and Director of the Office of Management and Budget from February 1973 until February 1975
- Atherton, Alfred L., Jr.**, Deputy Assistant Secretary of State for Near Eastern and South Asian Affairs until April 27, 1974; Assistant Secretary of State for Near Eastern and South Asian Affairs from April 27, 1974
- Austin, Granville Seward**, staff member Policy Planning Staff, Department of State, from November 1974
- Bach, Morton**, Assistant to the Director of Office Operations, Office of the Assistant Secretary for Enforcement, Department of the Treasury, from 1973 until 1976; Special Assistant for International Affairs, Office of the Deputy Assistant Secretary (Operations), from 1976
- Ballantyne, Robert Jadwin**, Director of the Office of Technical Support, Asia Bureau, Agency for International Development, from 1973; Deputy Director of the Office of Brazilian Affairs, Bureau of Inter-American Affairs, Department of State, from June 1974
- Bánzer Suárez, Hugo**, President of Bolivia from August 22, 1971
- Barbian, Paul E.**, Bureau of Economic and Business Affairs, Department of State, until March, 1974; Division of Operations, Office of the Secretariat Staff Department of State, from March 1974 until March 1975; Special Assistant, from March 1975 to June 1976; Bureau of Economic and Business Affairs, from June 1976
- Barrios Llona, Luis**, Peruvian Ambassador to Venezuela from February 1975
- Bartch, Carl E.**, Foreign Service Officer, U.S. Mission to NATO, from October 1974 until January 1975; Foreign Service Inspector, Department of State, from January 1975 until April 1975; Director of Argentina-Paraguay-Uruguay Affairs, Bureau of Inter-American Affairs, Department of State, from April 1975 until July 1976; Deputy Chief of Mission-Counselor at the U.S. Embassy in Tegucigalpa from July 1976
- Bejares Gonzales, Marcelo Hernán**, Colonel, Chilean Military Attaché from 1973 until January 1974; Director of Army Operations from January 1974 until November 1974; Secretary General of the Government of Chile from November 1974
- Belcher, Taylor G.**, U.S. Ambassador to Peru from August 29, 1969, until April 4, 1974
- Benavides Escobar, César Raúl Manuel**, Major General, Interior Minister of Chile from 1975

- Bentley, Robert B.**, staff member, Office of Management and Budget, until October 1973; staff member, Bureau of Political-Military Affairs, Department of State, from October 1973 until January 1974; staff member, Office of Management and Budget, January 1974 until January 1975; Special Assistant to the Assistant Secretary of State for Inter-American Affairs from January 1975 until May 1976; Political Officer at the U.S. Consulate in São Paulo from May 1976
- Berckemeyer Pazos, Fernando**, Peruvian Ambassador to the United States from 1973 until 1975
- Berry, Ann Roper**, Office of Regional Economic Policy, Bureau of Inter-American Affairs, Department of State, from March 1975 until 1976; Passport Office, Bureau of Security and Consular Affairs, Department of State, from 1976
- Berstein Carabantes, Enrique**, Political Adviser, Foreign Ministry of Chile, from 1974
- Binns, Jack Robert**, Office of the Associate Director for International Operations, Country Officer for Bolivia, from January 1973 until July 1974; Political Officer, U.S. Embassy in London, from July 1974
- Black, Edward B.**, Legislative Officer, Office of Congressional Relations, Bureau of Inter-American Affairs, Department of State, 1976
- Blanco Estradé, Juan Carlos**, Minister of Foreign Affairs, Uruguay, from 1973
- Bloom, Justin L.**, Bureau of Oceans and International Environmental and Scientific Affairs, Department of State, from December 1974
- Bloomfield, Richard J.**, Staff Director, National Security Council Interdepartmental Group for Inter-American Affairs, from 1973; Director of the Office of Policy Coordination, Bureau of Inter-American Affairs, Department of State, from August 1973; U.S. Ambassador to Ecuador from May 1976
- Boeker, Paul**, Economic-Commercial Officer, U.S. Embassy in Bonn from 1973; staff member, Policy Planning Staff, Department of State, from 1974 until 1975; Office of Investment Affairs, International Finance and Development, Bureau of Economic and Business Affairs, Department of State from 1975; Deputy Assistant Secretary of State for Economic and Business Affairs from 1976
- Bond, Stephen R.**, staff member, Office of the Assistant Legal Adviser for Economic and Business Affairs, Department of State, from May 1974
- Bonilla Bradanovik, Oscar Adrián**, Chilean Minister of the Interior from 1973 until 1974; Minister of National Defense from 1974
- Bordaberry, Juan María**, President of Uruguay from March 1, 1973, until June 12, 1976
- Borek, Ted Andrew**, staff member, Office of the Assistant Legal Adviser for Inter-American Affairs, Department of State, from February 1974
- Borg, C. Arthur**, Deputy Executive Secretary, Office of the Secretariat Staff, Department of State, from June 1975; Special Assistant to the Secretary of State from July 1976
- Borg, Parker W.**, Special Assistant to the Director of the Foreign Service until December 1974; Special Assistant to the Secretary of State from December 1974 until June 1976; Principal Officer, U.S. Consulate in Lubumbashi, from June 1976
- Boright, John P.**, Arms Control and Disarmament Agency from May 1974
- Bosworth, Stephen W.**, Office of Fuels and Energy, International Resources and Food Policy, Bureau of Economic and Business Affairs, Department of State, from April 1974 until July 1974; Director, Office of Fuels and Energy, from July 1974 until April 1976; Deputy Assistant Secretary of State for International Resources and Food Policy from April 1976
- Botero, Montoya Rodrigo**, Colombian Minister of Finance from 1975
- Boughton, Priscilla M.**, Assistant Director for Multilateral/Bilateral Coordination, Office of Multilateral Coordination and Regional Social Development Programs, Bureau of Inter-American Affairs, Department of State, 1976
- Bowdler, William G.**, U.S. Ambassador to Guatemala from October 19, 1971, until August 26, 1973; Deputy Assistant Secretary of State for Inter-American Affairs from September 1973 until August 1974; Acting Assistant Secretary of State for Inter-American Affairs, September 1974; U.S. Ambassador to South Africa from May 14, 1975

- Boyatt, Thomas D.**, Deputy Chief of Mission, U.S. Embassy in Santiago from 1976
- Bray, Charles W., III**, Director Office of Press Relations, Department of State, from 1971 until 1973; Deputy Assistant Secretary of State for Inter-American Affairs from 1976
- Brazeal, Aurelia E.**, Country Officer, U.S. Embassies in Asunción and Montevideo
- Bremer, L. Paul (Jerry), III**, Special Assistant to the Secretary of State
- Brooke, Edward**, Senator (R-Massachusetts)
- Brousset Escobar, Jose Luis**, Peruvian Vice Minister of Finance and President of *Banco Popular*
- Brown, George**, staff member, Bureau of Inter-American Affairs, Department of State, from 1975
- Brown, L. Dean**, U.S. Ambassador to Jordan from September 29, 1970, until November 29, 1973; Deputy Under Secretary of State for Management, from December 28, 1973, until February 23, 1975
- Brownell, Mary E.**, Research Assistant, National Security Council Staff, from August 1974
- Buchanan, James Eldon**, Foreign Affairs Political Analyst, Bureau of Intelligence and Research Department of State, from June 1974
- Buchanan, John Hall, Jr.**, member, U.S. House of Representatives (R-Alabama)
- Buchen, Philip W.**, Counsel to the President from 1974
- Buffum, William B.**, U.S. Ambassador to Lebanon from October 13, 1970, until January 17, 1974; Assistant Secretary of State for International Organization Affairs from February 4, 1974, until December 18, 1975
- Burelli Rivas, Miguel Angel**, Venezuelan Ambassador to the United States from 1973 until September 1976
- Bush, George H.W.**, Head of U.S. Liaison Office in Beijing, China, from October 21, 1974, until December 7, 1975; Director of Central Intelligence from January 30, 1976
- Butz, Earl**, Secretary of Agriculture from 1973 until October 4, 1976
- Caldera, Rafael** President of Venezuela from March 11, 1969, until March 12, 1974
- Callaghan, James**, British Prime Minister and First Lord of the Treasury from 1976
- Callaway, Howard H.**, Secretary of the U.S. Army from May 15, 1973, until July 3, 1975
- Calvani, Aristides**, Venezuelan Minister of Foreign Affairs until 1974
- Campora, Héctor Jose**, President of Argentina from May 25, 1973, until July 1973
- Capriles, Roberto**, Bolivian Ambassador to the United States from 1975
- Carasales, Julio**, Argentine Ambassador to the Organization of American States
- Carvajal Prado, Patricio**, Vice Admiral, Chilean Minister of Foreign Relations from 1974
- Case, Clifford P.**, Senator (R-New Jersey); ranking minority member of the Senate Foreign Relations Committee from 1973
- Casey, William J.**, Under Secretary of State for Economic and Agricultural Affairs from February 2, 1973, until March 14, 1974; President and Chairman, Export-Import Bank, from 1974
- Castro, Fidel**, Prime Minister of Cuba until 1976; President of Cuba from 1976
- Cauas Lama, Jorge Elias**, Chilean Minister of Finance from 1975
- Chaij, Daniel A.**, Rural Development Division Chief, Office of Development Resources, Bureau of Inter-American Affairs, Department of State, from July 1974
- Clements, William P., Jr.**, Deputy Secretary of Defense from January 30, 1973; Acting Secretary of Defense from June 1973
- Cleveland, Stanley**, Deputy Chief of Mission, U.S. Embassy in Brasília, from 1973 until August 1974
- Cline, Ray S.**, Director, Office of Intelligence and Research, Department of State, from October 26, 1969, until November 24, 1973
- Colby, William E.**, Deputy Director of Operations, Central Intelligence Agency, until Sept 1, 1973; Director of Central Intelligence from September 4, 1973, until January 30, 1976

- Collums, Haley D.**, Consular Officer, U.S. Consulate in Ankara, from July 1973 until July 1975; Operations Official, Department of State, from July 1975 until June 1976; Special Assistant to the Secretary of State from June 1976
- Connor, James E.**, Secretary to the Cabinet from January 1975; White House Staff Secretary from June 1975
- Contreras Sepúlveda, Juan Manuel Guillermo**, Director of the National Intelligence Directorate in Chile from 1974
- Cooper, Charles**, member, National Security Council Staff, from 1973; Assistant Secretary of the Treasury for International Affairs from 1974 until 1975
- Cortes, Marcos**, Special Assistant to Brazilian Prime Minister of Foreign Affairs from 1973
- Couto e Silva, Golbery do**, General, Chief, Civilian Household of the Presidency, Brazil, from 1974
- Covey, James P.**, Department Duty Officer, Operations Center, Office of the Secretariat Staff, Department of State, from 1974
- Cox, David W.**, Political Officer, U.S. Embassy in Caracas until July 1974; Consular Officer, U.S. Consulate in La Paz from July 1974 until August 1974; Office of North Coast Affairs, Bureau of Inter-American Affairs, Department of State, from August 1974
- Creekmore, Marion V.**, Economic-Commercial Officer, U.S. Embassy in Bonn, until July 1973; detailed to Foreign Service Institute from July 1973 until January 1974; Office of Fuels and Energy, International Resources and Food Policy, Bureau of Economic and Business Affairs, Department of State, from January 1974
- Crimmins, John Hugh**, Deputy Assistant Secretary of State for Inter-American Affairs until March 1973; U.S. Ambassador to Brazil from August 13, 1973
- Crosland, Charles Anthony Raven**, British Secretary of State for Foreign and Commonwealth Affairs from April 8, 1976
- Crosswhite, Clyde**, National Security Adviser, Office of the Special Assistant to the Secretary, Department of the Treasury, from 1973
- Davis, Jeanne W.**, Staff Secretary, National Security Council Staff, from 1973
- Davis, Nathaniel**, U.S. Ambassador to Chile until November 1, 1973; Director General of the Foreign Service from November 13, 1973, until March 17, 1975; Assistant Secretary of State for African Affairs from April 2, 1975, until December 18, 1975; U.S. Ambassador to Switzerland from January 9, 1976
- Dean, Robert W.**, Deputy Chief of Mission in Mexico, as of 1973; Chargé d'Affaires in Mexico, May 1973; U.S. Ambassador to Peru from May 2, 1974
- De Araujo, Castro João Augusto**, Brazilian Ambassador to the United States from December 1974
- De la Flor, Valle Miguel Angel**, Peruvian Foreign Minister from 1973 until 1976
- De la Madrid Hurtado, Miguel**, Mexican politician from 1972
- Demicheli, Alberto**, Acting President of Uruguay from June 12 until September 1, 1976
- De Tarr, Francis**, Director, Office of Operations Policy, Deputy Director for Coordination, Bureau of Intelligence and Research, Department of State, from 1975
- Devine, Frank J.**, Deputy Chief of Mission-Minister-Counselor, U.S. Embassy in Caracas, until May 1973; Counselor, U.S. Embassy in Caracas, from May 1973 until August 1973; Department of State official from August 1973 until November 1973; Director of North Coast Affairs, Bureau of Inter-American Affairs, Department of State, from November 1973
- Diez, Sergio**, Chilean Representative to the United Nations Human Rights Commission Meeting, 1976
- Dodd, Edwin**, President, Owens-Illinois Corporation, 1976
- Donaldson, William H.**, Under Secretary of State for International Security Affairs from November 26, 1973, until May 10, 1974

- Driscoll, Robert S.**, Country Officer, U.S. Embassy in Santiago, from July 1975
- Duemling, Robert W.**, Special Assistant, U.S. Consulate in Osaka-Kobe, from 1973 until August 1974; Executive Assistant to the Deputy Secretary of State from August 1974 until August 1976; Deputy Chief of Mission-Counselor, U.S. Embassy in Ottawa from February 1976
- Duval, Michael**, *see* Raoul-Duval
- Eagleburger, Lawrence S.**, Acting Assistant Secretary of Defense for International Affairs from January 31, 1973, until May 10, 1973; Executive Assistant to the Secretary of State from 1974; Deputy Under Secretary of State for Management from May 14, 1975
- Easum, Donald B.**, U.S. Ambassador to Upper Volta (Burkina Faso) until January 19, 1974; Assistant Secretary of State for African Affairs from March 18, 1974, until March 26, 1975; U.S. Ambassador to Nigeria from May 22, 1975
- Eberle, William D.**, Assistant to the President for International Economic Affairs from July 1974
- Einaui, Luigi R.**, staff member, Policy Planning Staff, Department of State, from July 1974
- Einhorn, Jessica P.**, staff member, Office of the Assistant Secretary for International Affairs, Department of the Treasury
- Eisenhower, John**, military assistance expert, Office of Management and Budget International Division, Asia, from 1974
- Eliot, Theodore L., Jr.**, Executive Secretary of the Department of State until September 26, 1973; U.S. Ambassador to Afghanistan from November 21, 1973
- Ellis, Clark N.**, Office of Investment Affairs, International Finance and Development, Bureau of Economic and Business Affairs Department of State, until July 1975; Economic-Commercial Officer, U.S. Embassy in Vienna, from July 1975
- Eltz, Regina Marie**, Office of Brazilian Affairs, Bureau of Inter-American Affairs, Department of State, from September 1973
- Enders, Thomas O.**, Chargé d'Affaires ad interim to the Khmer Republic (Cambodia) until 1974; Assistant Secretary of State for Economic and Business Affairs from July 24, 1974, until December 22, 1975; U.S. Ambassador to Canada from February 17, 1976
- Ernst, David H.**, Deputy Personnel Officer from July 1973 until July 1974; Deputy Senior Assistant for International Narcotics Matters, Office of the Secretary, Department of State, from July 1974
- Eyre, John**, Country Officer for Bolivia, Bureau for Latin America, Agency for International Development
- Fascell, Dante B.**, Member, U.S. House of Representatives (D-Florida)
- Feldman, Mark B.**, Deputy Legal Adviser, Department of State, 1973; Acting Legal Adviser, Department of State, from September 1974
- Ferreira Aldunate, Wilson**, Former Uruguayan Senator and presidential candidate
- Fields, Louis G.**, Assistant Legal Adviser for Politico-Military Affairs until 1976; Assistant Legal Adviser for Special Functional Problems from 1976
- Figueiredo, João Baptista de Oliveira**, General, Chief of the Military Household of the Presidency, Brazil, from 1973 until 1974; Chief, National Intelligence Service, Brazil, from 1974
- Fimbres, Rudy V.**, Multisector Official, Agency for International Development, Guatemala, from March 1973 until August 1973; Independent College of Armed Forces from August 1973 until June 1974; Deputy Director of the Office of Public Affairs, Bureau of Inter-American Affairs, Department of State, from July 1974 until August 1975; Director Office of Bolivian-Chilean Affairs, Bureau of Inter-American Affairs, Department of State, from August 1975 until August 1976; Special Assistant to the Coordinator for Humanitarian Affairs from August 1976

- Fish, Howard M.**, Lieutenant General, USAF; Director of the Defense Security Assistance Agency, Department of Defense, from August 1974
- Fisher, John W.**, Director, Office of Bolivian-Chilean Affairs, Bureau of Inter-American Affairs, Department of State, until August 1973; Minister-Counselor, U.S. Embassy in Caracas, from August 1973 until December 1973; Deputy Chief of Mission, U.S. Embassy in Caracas, from December 1973
- Fishlow, Albert**, Deputy Assistant Secretary of State for Inter-American Affairs from 1975 until 1976
- Flanigan, Peter M.**, Assistant to the President until April 16, 1973; Assistant to the President for International Economic Affairs, and Executive Director, White House Council on International Economic Policy, from April 16, 1973, until 1974
- Fons, José**, Colonel, Uruguayan military
- Ford, Gerald R.**, Member, U.S. House of Representatives (R-Michigan); House Minority Leader until 1973; Vice President of the United States from December 6, 1973, until August 9, 1974; President of the United States from August 9, 1974, until January 20, 1977
- Forman, Benjamin**, Assistant General Counsel for International Affairs, Department of Defense from March 1975
- Forrester, Martin C.**, Country Officer for Venezuela, Office of North Coast Affairs, Bureau of Inter-American Affairs, Department of State, from 1973
- Fouts, Susan C.**, Office of Regional Economic Policy, Bureau of Inter-American Affairs, Department of State, from January 1974
- Fraser, Donald M.**, Member, U.S. House of Representatives (D-Minnesota), Chair of the International Organizations Subcommittee of the House Committee on International Relations, 1976
- Frechette, Myles R.**, Political Officer, U.S. Consulate in Rio de Janeiro, from August 1974
- Friedersdorf, Max L.**, Deputy Assistant to the President for Legislative Affairs from 1974 until 1975; Assistant to the President for Legislative Affairs from 1975
- Fry, John C.**, Deputy Director, Office of Science and Technology, Bureau for Technical Assistance, Department of State, from May 1973 until May 1976; Deputy Director, Office of Bilateral-Multilateral Affairs, Department of State, from May 1976
- Fuller, Alexander S.C.**, Alternate Director of Andean Affairs, Bureau of Inter-American Affairs, Department of State, from September 1976
- Gamble, Roger R.**, Labor-Political Officer, Political Section, U.S. Embassy in Buenos Aires, from July 1973 until June 1976; Deputy Director, Operations Center, Office of the Secretariat Staff Department of State, from June 1976
- Gammon, Samuel R. III**, Executive Assistant to the Deputy Under Secretary of State for Administration to July 1973; Deputy Executive Secretary, Office of the Secretariat Staff Department of State, from July 1973; Acting Executive Secretary, Office of the Secretariat Staff, Department of State, from August 1974
- Gantz, David**, Assistant Legal Adviser for Inter-American Affairs from February 1973; Assistant Legal Adviser for European Affairs from July 1976
- García Bedoya, Carlos**, Peruvian Ambassador to the United States from 1976
- Gardner, James R.**, Director, Office of Operations Policy, Bureau of Intelligence and Research, Department of State, from 1973
- Gavazzo, José**, Major, Uruguayan military
- Geisel, Ernesto**, President of Brazil from March 15, 1974
- Gelbard, José Ber**, Argentine Minister of Economy from 1974
- Gibson Barboza, Mario**, Brazilian Minister of Foreign Affairs from 1969 until 1974
- Giuliani, Rudolph**, Associate Deputy Attorney General, Department of Justice, 1976
- Glitman, Maynard W.**, Director of the Office of International Trade Policy, Department of State, from 1975 until 1976; Deputy Assistant Secretary of Defense for International Security Affairs from 1976

- Gomez Mantellini, Jorge**, Director General of the Foreign Ministry of Venezuela from September 1975 until 1976; Venezuelan Foreign Minister from 1976
- Gompert, David C.**, Special Assistant to the Secretary of State from January 1974
- Granger, Clinton E.**, Planning and Coordination Officer; then, Acting Director, Planning and Coordination, from August 1974 until September 1976
- Greene, James F.**, Associate Commissioner, Immigration and Naturalization Service, from July 1974
- Greene, James R.**, Special Emissary to Peru from 1973
- Greenwald, Joseph A.**, Bureau of Economic and Business Affairs, Department of State, 1976
- Grey, Robert T., Jr.**, Deputy Director, Office of Security Assistance and Sales, Bureau of Politico-Military Affairs, Department of State, from August 1973 until August 1974; Consular Officer, U.S. Embassy in Canberra, from August 1974 until November 1974; Political Officer, U.S. Embassy in Canberra, from November 1974
- Grojean, Charles D.**, Admiral, Deputy Chief of Naval Operations from 1974
- Gutiérrez, Mario Raúl**, Bolivian Minister of Foreign Affairs and Worship, 1973
- Gutiérrez Ruiz, Héctor**, Former member, Chamber of Deputies, Uruguay
- Guzmán Soriano, Alberto**, General, Bolivian Minister of Foreign Affairs and Worship, from 1974
- Guzmán, Enrique**, Minister-Counselor, Chilean Embassy to the United States, from 1974
- Guzzetti, César Augusto**, Admiral, Argentine Foreign Minister from March 30, 1976
- Haahr, James C.**, Deputy Chief of Mission, U.S. Embassy in Montevideo
- Habib, Philip C.**, U.S. Ambassador to South Korea until August 19, 1974; Assistant Secretary of State for East Asian and Pacific Affairs from September 27, 1974 until June 30, 1976; Under Secretary of State for Political Affairs from July 1, 1976
- Harkin, Thomas R.**, Member, U.S. House of Representatives (D-Iowa) from 1975
- Harrington, Michael J.**, Member, U.S. House of Representatives (D-Massachusetts) from 1973
- Harrison, Lawrence E.**, Director, Office of Development Programs, Bureau of Inter-American Affairs, Department of State, from 1973 until 1975; Director of Regional Office for Central America and Panama in Guatemala from 1975
- Harrison, Roger G.**, Special Assistant to the Staff Director, Interdepartmental Political-Military Group, National Security Council, from May 1974 until July 1975; member, National Security Council Staff for Planning and Coordination, from July 1975
- Hart, Donald F.**, Economic-Commercial Officer, U.S. Embassy in Quito until July 1975; Producing Countries Affairs, Office of Fuels and Energy, Bureau of Economic and Business Affairs, Department of State, from July 1975
- Hartman, Arthur A.**, Assistant Secretary of State for European and Canadian Affairs from January 8, 1974, until June 8, 1977
- Hechtman, Robert**, Office of Bolivian and Chilean Affairs, Bureau of Inter-American Affairs, Department of State, until February 1976; Assistant Program Officer, Guatemala, Agency for International Development, from February 1976 until February 1976; Program Officer, Bureau for Latin America Agency for International Development, from February 1976
- Helms, Richard**, Director of Central Intelligence until February 2, 1973; U.S. Ambassador to Iran from April 5, 1973
- Hennessy, John**, Assistant Secretary of the Treasury for International Affairs from 1973
- Hewitt, Ashley C., Jr.**, National War College until July 1973; Deputy Chief of Mission-Counselor, U.S. Embassy in Kingston, from July 1973 until August 1975; Chargé d'Affaires, U.S. Embassy in Kingston, from 1973 until 1974; Chief, Industrial and Strategic Materials Division, Office of International Commodities, Bureau of Economic and Business Affairs, Department of State, from August 1975

Heyman, I. Austin, Deputy Director of the Office of Development Programs, Bureau of Inter-American Affairs, Department of State, from 1973

Hill, Robert C., Assistant Secretary of Defense for International Security Affairs, from May 11, 1973, until January 5, 1974; U.S. Ambassador to Argentina, from February 15, 1974

Hinton, Deane R., Assistant Director, White House Council on International Economic Policy, from 1973 until 1974; Deputy Director, White House Council on International Economic Policy, from 1974; U.S. Ambassador to Zaire (Democratic Republic of the Congo) from August 21, 1974, until June 18, 1975; U.S. Representative to the European Communities from January 29, 1976

Hitchcock, David I., Jr., Foreign Service Institute from August 1973 until July 1974; Office of East Asian and Pacific Programs, Bureau of Educational and Cultural Affairs, Department of State from July 1974

Horman, Charles, U.S. journalist and filmmaker killed in the aftermath of the Pinochet coup

Huerta, Ismael, Chilean Foreign Minister from 1973 until 1974; Chilean Ambassador to the United Nations from 1974 until 1977

Humphrey, Hubert H., Jr., Senator (D-Minnesota)

Hunt, Cecil M., Deputy General Counsel, Overseas Private Investment Corps, from 1973

Hurwitch, Robert, Deputy Assistant Secretary of State for Inter-American Affairs until August 1973; U.S. Ambassador to the Dominican Republic from September 1973 until April 1978

Hyland, William G., member, National Security Council Staff for Operations until January 21, 1974; Assistant Secretary of State for Intelligence and Research from January 21, 1974, until November 24, 1975; Deputy Assistant to the President for National Security Affairs from November 24, 1975

Iklé, Fred C., Director, Arms Control and Disarmament Agency, from 1973

Ingersoll, John J., Chief, Tropical Products Division, Office of International Commodities, International Resources and Food Policy, Bureau of Economic and Business Affairs, Department of State, from 1973

Illanes Benítez, Osvaldo, Chilean Representative to the International Court of Justice until November 1974

Illanes Fernandez, Javier, Director General of the Foreign Ministry of Chile from 1975

Ingersoll, Robert Stephen, U.S. Ambassador to Japan from February 29, 1972, until November 8, 1973; Assistant Secretary of State for East Asian and Pacific Affairs from January 8, 1974, until July 9, 1974; Deputy Secretary of State from July 10, 1974, until March 31, 1976

Inouye, Daniel, Senator (D-Hawaii)

Iribarren Borges, Ignacio, Venezuelan Ambassador to the United States from November 1976

Irwin, John N., II, Deputy Secretary of State until February 1, 1973

Isaacs, Arnold M., Political Officer, Political Section, U.S. Embassy in Santiago, until July 1973; Office of Bolivian-Chilean Affairs, Bureau of Inter-American Affairs, Department of State, from July 1973

Jackson, Henry, Senator (D-Washington)

Janka, Les, Press Liaison Officer, National Security Council Staff

Javits, Jacob K., Senator (R-New York)

Jenkins, Kempton B., Deputy Assistant Director for the Soviet Union and Eastern Europe, U.S. Information Agency, until July 1973; Deputy Assistant Secretary of State for Congressional Relations from July 1973

- Johnson, Henry P.**, Program Officer, Agency for International Development, U.S. Embassy in Panama City, from June 1973 until February 1974; Deputy Director of North Coast Affairs, Bureau of Inter-American Affairs, Department of State, from February 1974
- Johnson, Peter B.**, Political Officer, U.S. Embassy in San Jose, until August 1975; Office of Policy Planning, Public and Congressional Affairs, Bureau of Inter-American Affairs, from August 1975
- Jordan, Amos A.**, Acting Assistant Secretary of Defense for International Security Affairs from April 2, 1974, until June 4, 1974 and from December 23, 1975, until May 5, 1976
- Jorden, William J.**, member, National Security Council Staff from 1973 until 1974; U.S. Ambassador to Panama from April 1974
- Kahan, Jerome H.**, staff member, Policy Planning Staff, Department of State, from October 1973
- Karkashian, John E.**, Deputy Director, Office of Bolivian-Chilean Affairs, Bureau of Inter-American Affairs, Department of State, until January 1974; Director, Office of Bolivian-Chilean Affairs, Bureau of Inter-American Affairs, Department of State, from January 1974 until September 1975; Foreign Service Institute from September 1975 until October 1976; Deputy Director, Office for Combating Terrorism, Deputy Under Secretary of State for Management, from October 1976
- Karamessines, Thomas H.**, Deputy Director for Plans, Central Intelligence Agency, until February 24, 1973
- Katz, Julius**, Deputy Assistant Secretary of State for International Resources and Food Policy until 1974; Deputy Assistant Secretary of State from 1974 until 1976; Assistant Secretary of State for Economic and Business Affairs from September 1976
- Keane, John F.**, Consular Officer, U.S. Embassy in Lima, from January 1973 until December 1973; Political Officer, Political Section, U.S. Embassy in Lima, from December 1973 until July 1974; Country Officer, U.S. Embassy in Mexico City, from July 1974 until May 1976; Special Assistant to the Assistant Secretary of State for Inter-American Affairs from May 1976
- Kennedy, Richard T.**, Colonel, USA; Deputy Assistant to the President for National Security Planning from 1973 until 1975
- Kennedy, Edward**, Senator (D-Massachusetts)
- King, John F.**, Coordinator of the Office of Cuban Affairs, Bureau of Inter-American Affairs, Department of State, from August 1973 until November 1973; Director, Office of Press Relations, from November 1973 until February 1975; Director of the Office of Ecuadorian and Peruvian Affairs, Bureau of Inter-American Affairs, Department of State, from February 1975 until July 1976; Director of the Office of Regional Political Programs, Bureau of Inter-American Affairs, from July 1976
- Kirk, Roger**, Deputy Director, Bureau of Intelligence and Research, Department of State, from March until September 1976; Acting Director, Bureau of Intelligence and Research, Department of State, from September 1976
- Kissinger, Henry A.**, Secretary of State from September 22, 1973; Assistant to the President for National Security Affairs from November 3, 1975
- Kleine, Herman**, Assistant Administrator, Agency for International Development, and Deputy U.S. Coordinator, Alliance for Progress, Bureau of Inter-American Affairs, Department of State, from December 1973
- Knepper, William E.**, Deputy Director, Office of Regional Economic Policy, Bureau of Inter-American Affairs, Department of State, until May 1975; Director, Office of Regional Economic Policy, Bureau of Inter-American Affairs, Department of State, from March 1975 to July 1975; Advisor on International Economic Affairs, Economic/Trade Section, U.S. Mission in Geneva, from July 1975
- Koch, Edward**, Member, U.S. House of Representatives (D-New York)

- Krebs, Max V.**, Deputy Chief of Mission Minister-Counselor, U.S. Embassy in Buenos Aires, until April 4, 1974; U.S. Ambassador to Guyana from April 4, 1974, until June 15, 1976
- Kubisch, Jack B.**, Assistant Secretary of State for Inter-American Affairs and U.S. Coordinator of the Alliance for Progress, from May 29, 1973, until September 4, 1974; U.S. Ambassador to Greece, from September 26, 1974, until July 19, 1977
- Kuchel, Roland K.**, Eastern Europe Division, Bureau of Intelligence and Research, Department of State, until July 1974; Deputy Director, Operations Center, Office of the Secretariat Staff, Department of State, from July 1974 until June 1975; Director, Operations Center, Office of the Secretariat Staff, Department of State, from June 1975 until July 1976; Political Officer, Political Section, U.S. Embassy in Rome, from July 1976
- Lanusse Gelly, Alejandro Agustín**, President of Argentina until May 25, 1973
- LeBailly, Eugene B.**, Lieutenant General, USAF; Chairman, Inter-American Defense Board from 1970 until 1973
- Leigh, Monroe**, Legal Adviser of the Department of State from January 21, 1975
- Leigh Guzmán, Gustavo**, General, Delegate of the Chilean military junta from September 11, 1973, until June 27, 1974
- Leonard, Will E., Jr.**, Commissioner, U.S. Tariff Commission, from 1973 until 1976; Chairman of the U.S. International Trade Commission from 1976
- Letelier de Solar, Marcos Orlando**, Chilean Ambassador to the United States from 1971 until 1973; Foreign Minister from 1973; Staff Member, Institute for Policy Studies, from 1974 until his assassination on September 21, 1976
- Levi, Edward H.**, U.S. Attorney General from February 2, 1975, until January 26, 1977
- Levine, Leonard B.**, Trade Specialist, Agency for International Development from 1973; Economic-Commercial Officer, U.S. Embassy in Santiago, from June 1974 until September 1976; International Relations Officer, Department of State, from September 1976
- Lewis, Samuel W.**, Deputy Director, Policy Planning Staff, Department of State, until November 1975; Assistant Secretary of State for International Organization Affairs from December 1975
- Lewis, William H.**, Special Assistant to the Under Secretary of State for Security Assistance until May 1974; Director, Office of Security Assistance, Department of State, from May 1974 until February 1976; Director of Inter-African Affairs, and Staff Director, National Security Council Interdepartmental Group for African Affairs, from February 1976
- Lievano, Aguirre Indalecio**, Columbian Foreign Minister from 1974
- Linder, Robert D.**, Chief Executive Clerk, White House Research Office, from 1974 until 1975; Executive Clerk of the Editorial Staff of the White House from 1975
- Lister, George**, staff member, Bureau of Inter-American Affairs, Department of State, from 1973
- Little, Edward S.**, Director, Office of North Coast Affairs, Bureau of Inter-American Affairs, Department of State, as of March 1973; Coordinator for Cuban Affairs, Bureau of Inter-American Affairs, Department of State, from October 1973
- Lodge, John Davis**, U.S. Ambassador to Argentina until November 10, 1973
- López Michelsen, Alfonso**, President of Colombia from August 7, 1974, until August 7, 1978
- López Portillo y Pacheco, José**, President of Mexico from December 1, 1976, until November 30, 1982; Mexican Treasury Secretary, from 1973 until 1975
- Lord, Winston**, member, National Security Council Staff until 1973; Director of the Planning and Coordination Staff, Department of State, October 12, 1973, until February 26, 1974; Director of the Policy Planning Staff, Department of State, from February 27, 1974

- Loving, David**, Special Assistant to the Deputy Secretary of State from May 1976
- Low, Stephen**, Senior Staff Member, National Security Council, from 1974 until August 31, 1976; U.S. Ambassador to Zambia from August 31, 1976
- Luder, Italo A.**, Chairman of the Foreign Relations Committee of the Argentine Senate from 1973; Private Secretary to President Isabel Perón from 1974 until 1975; Provisional President of Argentina from September 13, 1975, until October 16, 1975
- Luers, William H.**, Political Counselor, U.S. Embassy in Caracas, from March 1973; Deputy Director, Office of Soviet Union Affairs, Bureau of European Affairs, Department of State, from May 1973 until December 1973; Deputy Executive Secretary, Office of the Secretariat Staff, Department of State, from December 1973 until March 1975; Deputy Assistant Secretary of State for Inter-American Affairs from March 1975 until September 1976; Senior Deputy Assistant Secretary of State for Inter-American Affairs from September 1976
- Luisi, Hector**, Uruguayan Ambassador to the United States until 1974
- Lyle, Roger H.**, Lieutenant Colonel, staff member, International Security Affairs, Office of the Secretary of Defense, from 1974
- Lynn, James T.**, Secretary of Housing and Urban Development from February 2, 1973 until 1975; Director of the Office of Management and Budget from February 1975
- MacDonald, David Robert**, Assistant Secretary of the Treasury for Enforcement, Operations, and Tariff Affairs from 1974
- Mahoney, Michael M.**, Consular Officer, U.S. Embassy in Port of Spain, until April 1974; Consular Officer, U.S. Embassy in Athens, from April 1974 until October 1975; Office of Policy Planning and Coordination, Bureau of Inter-American Affairs, Department of State, from October 1975
- Mailliard, William S.**, Member, U.S. House of Representatives (R-California) until March 7, 1974; Permanent Representative of the United States to the Organization of American States from March 7, 1974, until February 1, 1977
- Marsh, John O.**, Assistant Secretary of Defense for Legislative Affairs from April 17, 1973, until February 15, 1974; Counsel to the President on National Security Issues from August 1974
- Martínez de Hoz, José Alfredo** Argentine Minister of Economy from March 1976
- Matteson, Lois J.**, Operations Center, Office of the Secretariat Staff, Department of State, from July 1974 until January 1976; Adviser for Economic and Social Affairs, U.S. Mission to the United Nations, from January 1976
- Maw, Carlyle E.**, Legal Adviser of the Department of State, from November 27, 1973, until July 8, 1974; Under Secretary of State for International Security Affairs from July 19, 1974, until September 17, 1976
- McAfee, William**, Deputy Director, Bureau of Intelligence and Research, Department of State, until August 1973; Deputy Director for Coordination, Bureau of Intelligence and Research, Department of State, from August 1973 until 1974; Deputy Director, Bureau of Intelligence and Research, Department of State, from 1974
- McClintock, Robert**, U.S. Ambassador to Venezuela until March 14, 1975
- McCloskey, Robert J.**, Deputy Assistant Secretary of State for Press Relations, and Special Assistant to the Secretary, until May 1973; U.S. Ambassador to Cyprus from June 20, 1973, until January 14, 1974; Ambassador at Large from February 14, 1974, until February 20, 1975; Assistant Secretary of State for Legislative Affairs from February 21, 1975, until September 10, 1976; U.S. Ambassador to the Netherlands from October 22, 1976
- McCullough, Douglas L.**, Director of Energy Policy, Department of the Treasury from 1974
- McFarlane, Robert C. (Bud)**, Military Assistant to the President for National Security Affairs from 1973 until 1975; Executive Assistant to the Assistant to the President for National Security Affairs from 1975 until 1976; Special Assistant to the President for National Security Affairs from 1976

- McGee, Gale W.**, Senator (D-Wyoming)
- McNamara, Robert S.**, President of the World Bank
- Meany, George**, President of the AFL-CIO
- Médici, Emílio Garrastazu**, President of Brazil until March 15, 1974
- Méndez, Aparicio**, President of Uruguay from September 1, 1976
- Mercado Jarrín, Luis Edgardo**, Peruvian Prime Minister from January 31, 1973, until February 1, 1975
- Merino Castro, Jose Toribio**, Admiral, Delegate of the Chilean military junta from September 11, 1973, until June 27, 1974
- Meyer, Armin**, Special Assistant to the Secretary and Coordinator for Combating Terrorism from March 1973
- Meyers, Donald F.**, Industrial and Strategic Materials Division, Bureau of Economic and Business Affairs, Department of State, until July 1974
- Michel, James H.**, Deputy Assistant Legal Adviser for Politico-Military Affairs from October 1973
- Michellini, Zelmar**, Former Uruguayan Senator
- Miles, Richard M.**, Office of Soviet Union Affairs, Bureau of European Affairs, Department of State, from July 1973 until July 1975; Political Officer, U.S. Embassy in Moscow, from June 1976
- Miller, Dudley W.**, Deputy Executive Secretary for Management, Office of the Secretariat Staff, Department of State, until July 1974
- Morales Bermúdez, Francisco**, General, Peruvian Prime Minister from February 1, 1975, until August 30, 1975; President of Peru from August 30, 1975
- Morgan, Thomas E.**, Member, U.S. House of Representatives (D-Pennsylvania)
- Mozeleski, Daniel J.**, Planning Officer, National Security Council Staff for Planning and Coordination, from January 1976
- Nguyen, Van Thieu**, President of the Republic of Vietnam (South Vietnam) until April 21, 1975
- Nieburg, Patrick E.**, Deputy Assistant Director for Latin America, U.S. Information Agency, from August 1973 until July 1975; Public Affairs Adviser from July 1975 until June 1976
- Niehous, William F.**, Managing Director and Vice President, Owens-Illinois Venezuelan Group, from 1973
- Nixon, Richard M.**, President of the United States from January 20, 1969, until August 9, 1974
- Nosenzo, Louis V. N.**, Director of the Office of Nuclear Policy and Operations, Bureau of Politico-Military Affairs, Department of State, from 1975
- Oplinger, Gerald G.**, Deputy Director, Office of Atomic Energy and Aerospace, Bureau of Politico-Military Affairs, Department of State, from 1973 until 1975; Office of Nuclear Policy and Operations, Bureau of Politico-Military Affairs, Department of State, from 1975; Director, Office of Nuclear Policy and Operations, Bureau of Politico-Military Affairs, Department of State, from March 1976
- Orfila, Alejandro José Luis**, Argentine Ambassador to the United States from November 1973 until May 1975; Secretary General, Organization of American States, from May 17, 1975
- Ortiz, Frank Vincent, Jr.**, Deputy Chief of Mission, U.S. Embassy in Uruguay, from September 1973; Country Director for Argentina, Paraguay, and Uruguay, until 1975
- Ortíz Mena, Antonio**, President of the Inter-American Development Bank
- Pace, Robert S.**, Political Officer, U.S. Embassy in La Paz, from June 1973 until July 1975; Office of Chilean and Bolivia Affairs, Bureau of Inter-American Affairs, Department of State, from July 1975

- Palmer, Ronald D.**, Deputy Coordinator for Human Rights, Office of the Coordinator for Humanitarian Affairs, Department of State, from 1976
- Parker, Daniel**, Administrator of the Agency for International Development from October 21, 1973
- Parker, David**, Special Assistant to the President, Appearances and Scheduling, from 1973 until July 1974
- Parsky, Gerald**, Executive Assistant to the Deputy Secretary of the Treasury and Administrator, Federal Energy Office, from 1973 until 1974; Assistant Secretary of the Treasury from 1974 until 1977
- Pastrana Borrero, Misael Eduardo**, President of Colombia from August 7, 1970, until August 7, 1974
- Peet, Ray**, Vice Admiral, USN; Director of Defense Security Assistance Agency, Department of Defense, until July 1974; Acting Assistant Secretary of Defense for International Affairs from January 6, 1974, until April 1, 1974
- Pell, Claiborne de Borda**, Senator (D-Rhode Island)
- Pereda Asbún, Juan**, Bolivian Minister of Interior from May 1975
- Pérez Caldas, José**, Uruguayan Ambassador to the United States from November 1974
- Pérez, Carlos Andrés**, President of Venezuela from March 12, 1974
- Pérez La Salvia, Hugo**, Venezuelan Minister of Mines and Petroleum from 1973
- Perón, Isabel Martínez de**, Vice President of Argentina from October 12, 1973, until July 1, 1974; President from July 1, 1974, until March 24, 1976
- Perón, Juan Domingo**, President of Argentina from October 12, 1973, until July 1, 1974
- Pezzullo, Lawrence A.**, Deputy Director, Office of Central American Affairs, Bureau of Inter-American Affairs, Department of State from 1973; Special Assistant to Ambassador at Large McCloskey, until June 1974; Deputy Assistant Secretary of State for Congressional Relations from February 1975
- Phillips, David Atlee**, Chief, Western Hemisphere Division, Central Intelligence Agency, from 1973
- Pickering, Thomas**, Executive Secretary, Department of State, from July 20, 1973, until January 31, 1974; U.S. Ambassador to Jordan from March 2, 1974
- Pinheiro, João Baptista**, Brazilian Ambassador to the United States from 1976
- Pinochet Ugarte, Augusto**, General, Chairman of the Chilean military junta from September 11, 1973; President of Chile from 1974
- Polik, William**, Industrial and Strategic Materials Division, Office of International Commodities, International Resources and Food Policy, Bureau of Economic and Business Affairs, Department of State, from 1973 until August 1976; Commercial Officer, Economic Division, U.S. Embassy in Mexico City, from August 1976
- Pope, Donald B.**, Publications Division, Office of Public Affairs, Agency for International Development, from 1974 until 1976; Office of Development Programs, Bureau for Latin America, Agency for International Development from 1976
- Popper, David Henry**, U.S. Ambassador to Cyprus, until May 31, 1973; Assistant Secretary of State for International Organizations from June 25, 1973, until January 3, 1974; U.S. Ambassador to Chile from February 22, 1974
- Portella, Petronio**, President of *Aliança Renovadora Nacional* (ARENA), Brazil; Member of the Brazilian Senate from 1974
- Porter, William J.**, Under Secretary of State for Political Affairs from February 2, 1973, until February 18, 1974
- Prieto, Gonzalo**, Chilean Minister of Justice from 1973
- Pringle, Sandy M.**, Director, Office of Ecuadorian and Peruvian Affairs, Bureau of Inter-American Affairs, Department of State, from 1973 until 1974
- Proper, Datus C.**, Assistant Director for Policy Analysis, Office of Policy Planning and Coordination, Bureau of Inter-American Affairs, Department of State, from 1975 until 1976; Officer-in-Charge of Policy Planning, Office of Planning, Public, and Congressional Affairs, Department of State, from 1976

Puig, Juan Carlos, Argentine Foreign Minister from May 25, 1973, until July 13, 1973

Queirolo, Luis V., General, Uruguayan Army Chief of Staff

Quigg, Stuart, Colonel, Office of Policy Planning and Coordination, Bureau of Inter-American Affairs, Department of State, from 1974 until 1976; Office of Regional Political Programs from 1976

Quijano, Raúl, Argentine Foreign Minister from January 19, 1976, until March 24, 1976

Raoul-Duval, Michael, Associate Director, Domestic Council from May 1974 until October 1975; Assistant to the Counselor to the President, from October 1975 until April 14, 1976; Special Counsel to the President, from April 14, 1976

Ratliff, Rob Roy, member, National Security Council Staff and Executive Secretary of the 40 Committee from 1973

Ravenna, Walter, Uruguayan Minister of Defense

Richardson, Elliot R., Member of the White House Council on International Economic Policy until 1973; Secretary of Defense from January 30, 1973, until May 24, 1973; Adviser to the President from June 1973 until February, 1974; Attorney General from May 24, 1973, until October 20, 1973; U.S. Ambassador to the United Kingdom, from March 21, 1975, until January 16, 1976; Secretary of Commerce from 1976

Rivero, Horacio, U.S. Ambassador to Spain until November 26, 1974

Robinson, Charles W., Under Secretary of State for Economic and Agricultural Affairs from January 3, 1975, until April 9, 1976; Deputy Secretary of State from April 7, 1976

Roca-Zela, Manuel A., Minister-Counselor, Peruvian Embassy to the United States, from 1973 until 1975

Rodman, Peter W., Special Assistant to the Assistant to the President from August 1974

Rogers, William D., Assistant Secretary of State for Inter-American Affairs from October 7, 1974, until June 18, 1976; Under Secretary of State for Economic and Agricultural Affairs from June 18, 1976, until December 31, 1976

Rogers, William P., Secretary of State from January 22, 1969, until September 3, 1973; member, White House Council on International Economic Policy until 1973;

Rogovin, Mitchell, Special Counsel to the Director of Central Intelligence from 1975

Rosson, William B., General, USA; Commander in Chief, Southern Command, from January 1973 until July 1975

Rountree, William R., U.S. Ambassador to Brazil until May 30, 1973

Rumsfeld, Donald H., U.S. Permanent Representative to NATO from February 2, 1973 until December 5, 1974; White House Chief of Staff from September 1974 until November 1975; Secretary of Defense from November 20, 1975

Runyon, Charles III, Assistant Legal Adviser for Human Rights, Department of State

Rush, Kenneth, Deputy Secretary of State from February 2, 1973, until May 29, 1974; Secretary of State ad interim from September 3, 1973, until September 22, 1973; Chair, White House Council on International Economic Policy from 1974 until 1975; U.S. Ambassador to France from November 21, 1974

Ryan, Hewson A., U.S. Ambassador to Honduras until May 30, 1973; Information Career Minister, U.S. Information Agency; Fletcher School for Law and Diplomacy, Tufts University, from July 1973 until March 1975; Senior Deputy Assistant Secretary, Bureau of Inter-American Affairs, Department of State, from March 1975

Saccio, Leonard J., U.S. Ambassador to Colombia until July 12, 1973

Saenz, Orlando, Chilean Economic Adviser, Foreign Ministry from 1973

Sáez Sáez, Raúl, Chilean Minister of Economic Coordination from 1975

Sapena Pastor, Raúl, Paraguayan Foreign Minister until March 8, 1976

Saunders, Harold H., member, National Security Council Staff, until 1974; Deputy Assistant Secretary of State for Near Eastern and South Asian Affairs from 1974 until December 1975; Assistant Secretary of State for Near Eastern and South Asian Affairs from December 1975 until 1976; Director, Bureau of Intelligence and Research Department of State, from December 1, 1975

- Scali, John**, Special Consultant to the President, until 1973; Permanent Representative to the United Nations, from 1973 until 1975
- Schacht Aristiguieta, Efraín**, Venezuelan Foreign Minister from 1974
- Schlesinger, James R.**, Director of Central Intelligence from February 2, 1973, until July 2, 1973; Secretary of Defense from July 2, 1973, until November 19, 1975
- Schmults, Edward**, Deputy Counsel to the President
- Schwab, Philip R.**, Assistant Director, Office of Brazilian Affairs, Bureau of Inter-American Affairs, Department of State, from 1974; Deputy Director, Agency for International Development, Bogotá, from December 1974
- Schwebel, Stephen**, Deputy Legal Advisor, Department of State, from 1974
- Scowcroft, Brent**, Major General, USAF; Deputy Assistant to the President for National Security Affairs from 1973 until November 3, 1975; Assistant to the President for National Security Affairs from November 3, 1975
- Seamans, Robert C., Jr.**, Secretary of the U.S. Air Force until May, 14, 1973; President of the National Academy of Engineering from May 1973 until December 1974; Director of the Energy Research and Development Administration from December 1974
- Seidman, L. William**, Assistant to the President for Economic Affairs and Executive Director of the Economic Policy Board from 1974
- Shlaudeman, Harry W.**, Deputy Chief of Mission and Counselor, U.S. Embassy in Santiago, until 1973; Deputy Assistant Secretary of State for Inter-American Affairs from 1973 until 1975; U.S. Ambassador to Venezuela from May 9, 1975, until May 14, 1976; Assistant Secretary of State for Inter-American Affairs from May 14, 1976
- Shugart, Thomas H., Jr.**, Commercial Officer, U.S. Consulate in Munich, until July 1975; Office of Brazilian Affairs, Bureau of Inter-American Affairs, Department of State, from July 1975
- Shultz, George P.**, Secretary of the Treasury until April 17, 1974
- Silveira, Antônio Francisco Azeredo da**, Brazilian Minister of Foreign Affairs from 1974
- Simon, William E.**, Deputy Secretary of the Treasury from May 1974; Secretary of the Treasury from May 1974; Chairman, White House Council on International Economic Policy, from 1975
- Simons, Thomas W., Jr.**, Office of Disarmament and Arms Control, Bureau of Politico-Military Affairs, Department of State, from 1973 until 1974; Policy Planning Staff, Department of State, from 1974
- Simonsen, Mário Henrique**, Brazilian Minister of Finance from 1975
- Siracusa, Ernest V.**, U.S. Ambassador to Bolivia until July 30, 1973; U.S. Ambassador to Uruguay from September 27, 1973
- Sisco, Joseph J.**, Assistant Secretary of State for Near East and South Asian Affairs until February 18, 1974; Under Secretary of State for Political Affairs from February 19, 1974 until June 30, 1976
- Smith, David**, Bureau of Intelligence and Research, Department of State, from 1976
- Sneider, Richard L.**, Deputy Assistant Secretary of State, Bureau of East Asian Affairs, until September 1974; U.S. Ambassador to South Korea from September 1974
- Sober, Sidney**, Chargé d'Affaires ad interim, U.S. Embassy in Islamabad, until December 1973; Deputy Assistant Secretary of State for Near Eastern and South Asian Affairs from January 1974
- Solzhenitsyn, Aleksandr I.**, Russian novelist, playwright, and historian
- Sonnenfeldt, Helmut**, member, National Security Council Staff, until January 1974; Counselor of the Department of State from 1974 until 1976.
- Sorenson, Roger A.**, Deputy Chief of Mission-Counselor, U.S. Embassy in Dublin, until August 1974; Foreign Service Institute from August 1974 to June 1975; Special Assistant to the Under Secretary of State for Economic Affairs from June 1975
- Springsteen, George S., Jr.**, Acting Assistant Secretary of State until August 1973; Deputy Assistant Secretary of State for European Affairs from August 1973 until January 1974; Special Assistant to the Secretary and Executive Secretary of the Department of State, from January 31, 1974, until July 14, 1976; Director of the Foreign Service Institute from July 14, 1976

- Stearns, Monteagle**, Bureau of Asian and Pacific Affairs, Department of State, from 1973
- Stedman, William Perry, Jr.**, Director, Office of Argentina, Paraguay, and Uruguay, Bureau of Inter-American Affairs, Department of State; U.S. Ambassador to Bolivia from October 3, 1973
- Stern, Thomas**, Deputy Director, Bureau of Politico-Military Affairs, from December 1973 until July 1976; Deputy Chief of Mission-Minister-Counselor, U.S. Embassy in Seoul, from July 1976
- Sternfeld, R.**, member, Council on International Economic Policy
- Stockman, Charles J.**, Deputy Director, Office of North Coast Affairs, Bureau of Inter-American Affairs, Department of State, until September 1973; Assistant Director, Office of Development Resources, Bureau of Inter-American Affairs, Department of State, from September 1973 until February 1976; Associate Director, Agency for International Development, U.S. Embassy in La Paz, from February 1973
- Strasser, Daniel A.**, Political Officer, U.S. Consulate in Rio de Janeiro, to August 1974; Political Officer, U.S. Embassy in Bogotá, from August 1974 to September 1974; Country Officer for Dominican Republic, from 1974; Staff, Office of Caribbean Affairs, as of April 1976
- Stroessner Matiauda, Alfredo**, General, President of Paraguay
- Sullivan, Leonor K.**, Member, U.S. House of Representatives (D-Missouri)
- Summ, Godfrey H.**, Office of Research and Analysis for American Republics, Bureau of Intelligence and Research, Department of State, from 1976
- Swift, Elizabeth Ann**, Chief of Southeast Asian Programs, Office of East Asian and Pacific Programs, Bureau of Educational and Cultural Affairs, Department of State, until May 1974; Office of Philippine Relations, Bureau of East Asian and Pacific Affairs, from May 1974 until February 1976; Legislative Officer for Human Rights and MIAs, East Asian Affairs, Office of Congressional Relations, Department of State, from February 1976
- Szabo, Daniel**, Deputy Assistant Secretary of State for Inter-American Affairs (Economic Policy) from 1974
- Tarr, Curtis W.**, Under Secretary of State for International Security Affairs until November 25, 1973
- Theis, Paul**, Executive Editor, White House Editorial Staff, from 1975
- Thieu**, *see* Nguyen Van Thieu
- Trucco Gaete, Manuel**, Chilean Representative to the Inter-American Committee on the Alliance for Progress until February 1974; Chilean Ambassador to the Organization of American States from February 1974 until February 1975; Chilean Ambassador to the United States from March 1975
- Vadora, Julio C.**, General, Commander in Chief of the Uruguayan Army from 1974
- Vaky, Viron P.**, U.S. Ambassador to Costa Rica from September 11, 1972, until February 9, 1974; U.S. Ambassador to Colombia from April 5, 1974, until June 23, 1976; U.S. Ambassador to Venezuela from July 26, 1976, until June 24, 1978
- Vallimarescu, Serban**, member, National Security Council staff
- Vance, Sheldon B.**, U.S. Ambassador to Zaire (Democratic Republic of the Congo) until March 26, 1974; Special Assistant to the Secretary of State for Narcotics Matters from 1974
- Vargas Prieto, Oscar**, General, Peruvian Prime Minister from August 30, 1975, until January 31, 1976
- Vázquez Carrizosa, Alfredo**, Colombian Minister of Foreign Affairs until 1974
- Velasco Alvarado, Juan**, General, President of the Revolutionary Government of Peru until August 30, 1975

- Vest, George S.**, Special Assistant to the Secretary of State for Press Relations until December 1973; Director, Bureau of Politico-Military Affairs, Department of State, from December 1973
- Videla, Jorge Rafaél**, Brigadier General, Chair of the Argentine military junta and President of Argentina from March 24, 1976
- Vignes, Alberto Juan**, Argentine Minister of Foreign Affairs from July 13, 1973, until August 11, 1975
- Vine, Richard D.**, Director, Office of West European Affairs, Bureau of European Affairs, Department of State, until November 1974; Deputy Assistant Secretary of State for European Affairs from November 1974
- Waldheim, Kurt**, Secretary-General of the United Nations
- Walters, Vernon A.**, Lieutenant General, Acting Director of Central Intelligence from July 2, 1973, until September 4, 1973; Deputy Director of Central Intelligence from September 4, 1973, until July 31, 1976
- Wampler, Mary E.**, Special Assistant to the Deputy Administrator, Office of the Administrator, Agency for International Development, until April 1975; Director Office of International Narcotics Control, Bureau of Program and Management Services, from April 1975
- Watson, Alexander F.**, Office of Brazilian Affairs, Bureau of Inter-American Affairs, Department of State, from July 1973 until May 1975; Special Assistant for Legislative Matters and Public Affairs, Office of the Assistant Secretary of State for Economic and Business Affairs, from May 1975.
- Weber, Richard F.**, Deputy Director, Office of Ecuadorian and Peruvian Affairs, Bureau of Inter-American Affairs, Department of State, until September 1976; Director, Office of South American Affairs, Bureau for Latin America, Agency for International Development, from September 1976
- Weintraub, Sidney**, Assistant Secretary of State for International Finance and Development until 1974; Assistant Administrator, Agency for International Development, from 1975
- Weiss, Seymour**, Assistant Secretary of State for Politico-Military Affairs from August 6, 1973, until January 17, 1974; U.S. Ambassador to the Bahamas from September 11, 1974, until December 15, 1976
- White, Robert**, Deputy Permanent Representative to the Organization of American States from 1976
- Williams, Albert Norman**, Counselor, Political Affairs, U.S. Embassy in Santo Domingo until July 1974; Assistant Director, Political Military Affairs, Office of Planning and Coordination, Bureau of Inter-American Affairs, Department of State, from July 1974 until August 1976
- Wilson, James M., Jr.**, Special Assistant to the Assistant Secretary of State from February 1972; U.S. Representative for Micronesian status negotiations from November 1972; Coordinator for Humanitarian Affairs, Department of State, from October 1975; Assistant Secretary of State for Human Rights and Humanitarian Affairs from November 17, 1976
- Wilson, Simon N.**, Inter-American Organizations Adviser, Alternate U.S. Representative to the Organization of American States, and Deputy U.S. Permanent Representative, U.S. Permanent Mission to the Organization of American States, Bureau of Inter-American Affairs, from 1973
- Wilson, Thomas F.**, Consular Officer, U.S. Embassy in Port-au-Prince, from April 1973
- Wolfe, Geoffrey E.**, Office of Monetary Affairs, International Finance and Development, Bureau of Economic and Business Affairs, from September 1973 until January 1974; Office of OECD European Community and Atlantic Political-Economic Affairs, Bureau of European Affairs, Department of State, from July 1974

Wood, Dennis M., Executive Assistant to the Under Secretary of State for Economic Affairs from 1975

Woods, Ronald E., Director, Office of the Secretariat Staff Department of State, from July 1974 until August 1976; Deputy Director, Office of Northern European Affairs, Bureau of European Affairs, Department of State, from August 1976

Yofre, Ricardo, Argentine Under Secretary General, Office of the Presidency, from April 1976

Zimmermann, Robert W., Country Director for Brazil, Department of State, from October 1974; Director, Office of East Coast Affairs, Bureau of Inter-American Affairs, Department of State, from October 1976

Zweifel, David E., Political Officer, U.S. Embassy in Mexico City until 1974; Deputy Chief of Mission, U.S. Embassy in Muscat, from 1974

Note on U.S. Covert Actions

In compliance with the *Foreign Relations of the United States* statute that requires inclusion in the *Foreign Relations* series of comprehensive documentation on major foreign policy decisions and actions, the editors have identified key documents regarding major covert actions and intelligence activities. The following note will provide readers with some organizational context on how covert actions and special intelligence operations in support of U.S. foreign policy were planned and approved within the U.S. Government. It describes, on the basis of declassified documents, the changing and developing procedures during the Truman, Eisenhower, Kennedy, Johnson, Nixon, and Ford Presidencies.

Management of Covert Actions in the Truman Presidency

The Truman administration's concern over Soviet "psychological warfare" prompted the new National Security Council to authorize, in NSC 4-A of December 1947, the launching of peacetime covert action operations. NSC 4-A made the Director of Central Intelligence responsible for psychological warfare, establishing at the same time the principle that covert action was an exclusively Executive Branch function. The Central Intelligence Agency (CIA) certainly was a natural choice but it was assigned this function at least in part because the Agency controlled unvouchered funds, by which operations could be funded with minimal risk of exposure in Washington.¹

The CIA's early use of its new covert action mandate dissatisfied officials at the Departments of State and Defense. The Department of State, believing this role too important to be left to the CIA alone and concerned that the military might create a new rival covert action office in the Pentagon, pressed to reopen the issue of where responsibility for covert action activities should reside. Consequently, on June 18, 1948, a new NSC directive, NSC 10/2, superseded NSC 4-A.

NSC 10/2 directed the CIA to conduct "covert" rather than merely "psychological" operations, defining them as all activities "which are conducted or sponsored by this Government against hostile foreign states or groups or in support of friendly foreign states or groups but which are so planned and executed that any US Government responsibility for them is not evident to unauthorized persons and that if un-

¹ NSC 4-A, December 17, 1947, is printed in *Foreign Relations, 1945-1950, Emergence of the Intelligence Establishment*, Document 257.

covered the US Government can plausibly disclaim any responsibility for them.”

The type of clandestine activities enumerated under the new directive included: “propaganda; economic warfare; preventive direct action, including sabotage, demolition and evacuation measures; subversion against hostile states, including assistance to underground resistance movements, guerrillas and refugee liberations [*sic*] groups, and support of indigenous anti-Communist elements in threatened countries of the free world. Such operations should not include armed conflict by recognized military forces, espionage, counter-espionage, and cover and deception for military operations.”²

The Office of Policy Coordination (OPC), newly established in the CIA on September 1, 1948, in accordance with NSC 10/2, assumed responsibility for organizing and managing covert actions. The OPC, which was to take its guidance from the Department of State in peacetime and from the military in wartime, initially had direct access to the State Department and to the military without having to proceed through the CIA’s administrative hierarchy, provided the Director of Central Intelligence (DCI) was informed of all important projects and decisions.³ In 1950 this arrangement was modified to ensure that policy guidance came to the OPC through the DCI.

During the Korean conflict the OPC grew quickly. Wartime commitments and other missions soon made covert action the most expensive and bureaucratically prominent of the CIA’s activities. Concerned about this situation, DCI Walter Bedell Smith in early 1951 asked the NSC for enhanced policy guidance and a ruling on the proper “scope and magnitude” of CIA operations. The White House responded with two initiatives. In April 1951 President Truman created the Psychological Strategy Board (PSB) under the NSC to coordinate government-wide psychological warfare strategy. NSC 10/5, issued in October 1951, reaffirmed the covert action mandate given in NSC 10/2 and expanded the CIA’s authority over guerrilla warfare.⁴ The PSB was soon abolished by the incoming Eisenhower administration, but the expansion of the CIA’s covert action writ in NSC 10/5 helped ensure that covert action would remain a major function of the Agency.

As the Truman administration ended, the CIA was near the peak of its independence and authority in the field of covert action. Although the CIA continued to seek and receive advice on specific proj-

² NSC 10/2, June 18, 1948, is printed *ibid.*, Document 292.

³ Memorandum of conversation by Frank G. Wisner, “Implementation of NSC-10/2,” August 6, 1948, is printed *ibid.*, Document 298.

⁴ NSC 10/5, “Scope and Pace of Covert Operations,” October 23, 1951, is printed in *Foreign Relations, 1950–1955, The Intelligence Community*, Document 90.

ects from the NSC, the PSB, and the departmental representatives originally delegated to advise the OPC, no group or officer outside of the DCI and the President himself had authority to order, approve, manage, or curtail operations.

NSC 5412 Special Group; 5412/2 Special Group; 303 Committee

The Eisenhower administration began narrowing the CIA's latitude in 1954. In accordance with a series of National Security Council directives, the responsibility of the Director of Central Intelligence for the conduct of covert operations was further clarified. President Eisenhower approved NSC 5412 on March 15, 1954, reaffirming the Central Intelligence Agency's responsibility for conducting covert actions abroad. A definition of covert actions was set forth; the DCI was made responsible for coordinating with designated representatives of the Secretary of State and the Secretary of Defense to ensure that covert operations were planned and conducted in a manner consistent with U.S. foreign and military policies; and the Operations Coordinating Board was designated the normal channel for coordinating support for covert operations among State, Defense, and the CIA. Representatives of the Secretary of State, the Secretary of Defense, and the President were to be advised in advance of major covert action programs initiated by the CIA under this policy and were to give policy approval for such programs and secure coordination of support among the Departments of State and Defense and the CIA.⁵

A year later, on March 12, 1955, NSC 5412/1 was issued, identical to NSC 5412 except for designating the Planning Coordination Group as the body responsible for coordinating covert operations. NSC 5412/2 of December 28, 1955, assigned to representatives (of the rank of assistant secretary) of the Secretary of State, the Secretary of Defense, and the President responsibility for coordinating covert actions. By the end of the Eisenhower administration, this group, which became known as the "NSC 5412/2 Special Group" or simply "Special Group," emerged as the executive body to review and approve covert action programs initiated by the CIA.⁶ The membership of the Special Group varied depending upon the situation faced. Meetings were infrequent until 1959 when weekly meetings began to be held. Neither the CIA nor the Special Group adopted fixed criteria for bringing projects before the

⁵ William M. Leary, editor, *The Central Intelligence Agency: History and Documents* (University of Alabama Press, 1984), p. 63; for text of NSC 5412, see *Foreign Relations, 1950–1955, The Intelligence Community*, Document 171.

⁶ Leary, *The Central Intelligence Agency: History and Documents*, pp. 63, 147–48; *Final Report of the Select Committee To Study Governmental Operations With Respect to Intelligence Activities*, United States Senate, Book I, *Foreign and Military Intelligence* (1976), pp. 50–51. For texts of NSC 5412/1 and NSC 5412/2, see *Foreign Relations, 1950–1955, The Intelligence Community*, Documents 212 and 250.

group; initiative remained with the CIA, as members representing other agencies frequently were unable to judge the feasibility of particular projects.⁷

After the Bay of Pigs failure in April 1961, General Maxwell Taylor reviewed U.S. paramilitary capabilities at President Kennedy's request and submitted a report in June that recommended strengthening high-level direction of covert operations. As a result of the Taylor Report, the Special Group, chaired by the President's Special Assistant for National Security Affairs McGeorge Bundy, and including Deputy Under Secretary of State U. Alexis Johnson, Deputy Secretary of Defense Roswell Gilpatric, Director of Central Intelligence Allen Dulles, and Chairman of the Joint Chiefs of Staff General Lyman Lemnitzer, assumed greater responsibility for planning and reviewing covert operations. Until 1963 the DCI determined whether a CIA-originated project was submitted to the Special Group. In 1963 the Special Group developed general but informal criteria, including risk, possibility of success, potential for exposure, political sensitivity, and cost (a threshold of \$25,000 was adopted by the CIA), for determining whether covert action projects were submitted to the Special Group.⁸

From November 1961 to October 1962 a Special Group (Augmented), whose membership was the same as the Special Group plus Attorney General Robert Kennedy and General Taylor (as Chairman), exercised responsibility for Operation Mongoose, a major covert action program aimed at overthrowing the Castro regime in Cuba. When President Kennedy authorized the program in November, he designated Brigadier General Edward G. Lansdale, Assistant for Special Operations to the Secretary of Defense, to act as chief of operations, and Lansdale coordinated the Mongoose activities among the CIA and the Departments of State and Defense. The CIA units in Washington and Miami had primary responsibility for implementing Mongoose operations, which included military, sabotage, and political propaganda programs.⁹

President Kennedy also established a Special Group (Counter-Insurgency) on January 18, 1962, when he signed NSAM No. 124. The Special Group (CI), set up to coordinate counter-insurgency activities separate from the mechanism for implementing NSC 5412/2, was to confine itself to establishing broad policies aimed at preventing and resisting subversive insurgency and other forms of indirect aggression in friendly countries. In early 1966, in NSAM No. 341, President Johnson

⁷ Leary, *The Central Intelligence Agency: History and Documents*, p. 63.

⁸ *Ibid.*, p. 82.

⁹ See *Foreign Relations*, 1961–1963, volume X, Cuba, 1961–1962, Documents 270 and 278.

assigned responsibility for the direction and coordination of counter-insurgency activities overseas to the Secretary of State, who established a Senior Interdepartmental Group to assist in discharging these responsibilities.¹⁰

NSAM No. 303, June 2, 1964, from Bundy to the Secretaries of State and Defense and the DCI, changed the name of "Special Group 5412" to "303 Committee" but did not alter its composition, functions, or responsibility. Bundy was the chairman of the 303 Committee.¹¹

The Special Group and the 303 Committee approved 163 covert actions during the Kennedy administration and 142 during the Johnson administration through February 1967. The 1976 Final Report of the Church Committee, however, estimated that of the several thousand projects undertaken by the CIA since 1961, only 14 percent were considered on a case-by-case basis by the 303 Committee and its predecessors (and successors). Those not reviewed by the 303 Committee were low-risk and low-cost operations. The Final Report also cited a February 1967 CIA memorandum that included a description of the mode of policy arbitration of decisions on covert actions within the 303 Committee system. The CIA presentations were questioned, amended, and even on occasion denied, despite protests from the DCI. Department of State objections modified or nullified proposed operations, and the 303 Committee sometimes decided that some agency other than the CIA should undertake an operation or that CIA actions requested by Ambassadors on the scene should be rejected.¹²

The effectiveness of covert action has always been difficult for any administration to gauge, given concerns about security and the difficulty of judging the impact of U.S. initiatives on events. In October 1969 the new Nixon administration required annual 303 Committee reviews for all covert actions that the Committee had approved and automatic termination of any operation not reviewed after 12 months. On February 17, 1970, President Nixon signed National Security Decision Memorandum 40,¹³ which superseded NSC 5412/2 and changed the name of the covert action approval group to the 40 Committee, in part because the 303 Committee had been named in the media. The Attorney General was also added to the membership of the Committee. NSDM 40

¹⁰ For text of NSAM No. 124, see *ibid.*, volume VIII, National Security Policy, Document 68. NSAM No. 341, March 2, 1966, is printed *ibid.*, 1964–1968, volume XXXIII, Organization and Management of U.S. Foreign Policy; United Nations, Document 56.

¹¹ For text of NSAM No. 303, see *ibid.*, Document 204.

¹² *Final Report of the Select Committee To Study Governmental Operations With Respect to Intelligence Activities*, United States Senate, Book I, Foreign and Military Intelligence, pp. 56–57.

¹³ For text of NSDM 40, see *Foreign Relations*, 1969–1976, volume II, Organization and Management of U.S. Foreign Policy, 1969–1972, Document 203.

reaffirmed the DCI's responsibility for the coordination, control, and conduct of covert operations and directed him to obtain policy approval from the 40 Committee for all major and "politically sensitive" covert operations. He was also made responsible for ensuring an annual review by the 40 Committee of all approved covert operations.

The 40 Committee met regularly early in the Nixon administration, but over time the number of formal meetings declined and business came to be conducted via couriers and telephone votes. The Committee actually met only for major new proposals. As required, the DCI submitted annual status reports to the 40 Committee for each approved operation. According to the 1976 Church Committee Final Report, the 40 Committee considered only about 25 percent of the CIA's individual covert action projects, concentrating on major projects that provided broad policy guidelines for all covert actions. Congress received briefings on only a few proposed projects. Not all major operations, moreover, were brought before the 40 Committee: President Nixon in 1970 instructed the DCI to promote a coup d'état against Chilean President Salvador Allende without Committee coordination or approval.¹⁴

Presidential Findings Since 1974 and the Operations Advisory Group

The Hughes-Ryan amendment to the Foreign Assistance Act of 1974 brought about a major change in the way the U.S. Government approved covert actions, requiring explicit approval by the President for each action and expanding Congressional oversight and control of the CIA. The CIA was authorized to spend appropriated funds on covert actions only after the President had signed a "finding" and informed Congress that the proposed operation was important to national security.¹⁵

Executive Order 11905, issued by President Ford on February 18, 1976, in the wake of major Congressional investigations of CIA activities by the Church and Pike Committees, replaced the 40 Committee with the Operations Advisory Group, composed of the President's Assistant for National Security Affairs, the Secretaries of State and Defense, the Chairman of the Joint Chiefs of Staff, and the DCI, who retained responsibility for the planning and implementation of covert operations. The OAG was required to hold formal meetings to develop recommendations for the President regarding a covert action and to conduct periodic reviews of previously-approved operations. EO 11905 also banned all U.S. Government employees from involvement in polit-

¹⁴ *Final Report of the Select Committee To Study Governmental Operations With Respect to Intelligence Activities*, United States Senate, Book I, Foreign and Military Intelligence, pp. 54–55, 57.

¹⁵ Public Law 93–559.

ical assassinations, a prohibition that was retained in succeeding executive orders, and prohibited involvement in domestic intelligence activities.¹⁶

¹⁶ Executive Order 11905, "United States Foreign Intelligence Activities," *Weekly Compilation of Presidential Documents*, Vol. 12, No. 8, February 23, 1976.

Documents on South America, 1973–1976

Argentina

1. **Memorandum From the Deputy Director for Plans of the Central Intelligence Agency (Karamessines) to the President's Assistant for National Security Affairs (Kissinger)**¹

Washington, February 2, 1973.

SUBJECT

The Argentine Elections

1. On 11 March 1973, elections will be held throughout Argentina for municipal, provincial, and federal offices, including the presidency and vice-presidency. The last such election in Argentina was held in 1963. Out of a total of nine presidential candidates there are three principal ones: Hector Campora, hand-picked by Juan Perón to carry the standard for the Justicialista Party, still the largest political movement in Argentina seventeen years after Perón's fall and exile to Spain; Ricardo Balbin, the leader of the left-of-center Radical Civic Union, the best organized party in Argentina; and Francisco Manrique, former Minister of Social Welfare under President Alejandro Lanusse and the nominee of the Popular Federalist Alliance, a coalition of a number of small right wing political groups.

¹ Summary: The CIA reported on Argentina's upcoming elections and recommended that the U.S. Government maintain a policy of non intervention.

Source: National Security Council, Nixon Administration Intelligence Files, Subject Files A–I, 5 February 1973. Secret; Sensitive; Eyes Only. A copy was sent to Meyer. Forwarded to Jorden by Ratliff under a covering memorandum, February 5, in which Ratliff suggested that CIA's memorandum be placed in the 40 Committee files and not forwarded to Kissinger. Jorden concurred. In a March 2 letter to the President, Ambassador Lodge stated he had "steadfastly remained aloof" in the election. (National Archives, Nixon Presidential Materials, NSC Files, Box 769, Country Files, Latin America, Argentina, 1 September 1971–31 December 1973)

2. If a single candidate does not capture a majority of the votes on the initial ballot, a run-off must be held within thirty days. If a run-off is necessary, it is already scheduled for 8 April 1973. If the two top candidates together obtain two-thirds of the votes cast, a run-off election between them will be held. There is also a provision permitting the Argentine Electoral Court to recognize, without recourse to a run-off, the merger of two candidates representing at least two-thirds of the votes cast on the initial ballot into a single presidential/vice-presidential ticket. If the top two candidates together do not receive two-thirds of the votes cast, they may form alliances for a run-off with any presidential or vice-presidential candidate who received at least fifteen percent of the total initial vote. In forming these alliances, however, the presidential candidates may not be changed, only the vice-presidential.

3. Our current estimate is that: (a) Campora, Perón's puppet candidate, will attain a plurality, but not win a majority of the votes cast in the initial balloting; and (b) a run-off between Campora and, most probably, Balbin will be required on 8 April. Though unlikely, we cannot completely exclude a deal being made between Campora and one of the other candidates in an attempt to win without a run-off.

4. Until quite recently, the Argentine military has steadfastly maintained that should the Perónist candidate win this election, the military would not permit him to take office. A report in late January 1973 indicates that, under the pressure of Perónist political maneuvering, the Argentine military would now accept Campora's election subject to some ground rules which would assure continuing military influence in various governmental spheres.

5. Any political action on the part of the U.S. Government in the Argentine elections would involve a relatively high-risk factor in the present highly-charged, volatile political climate in Argentina. As a result, it is proposed that the U.S. Government continue its current policy of not intervening in the Argentine elections prior to 11 March 1973. Reporting from Embassy [*less than 1 line not declassified*] should permit us to monitor the electoral situation closely and alert the 40 Committee to any significant developments which might merit reconsideration of the present policy of non-interference.

Thomas H. Karamessines

2. **Memorandum From the Executive Secretary of the Department of State (Eliot) to the President's Assistant for National Security Affairs (Kissinger)**¹

Washington, March 13, 1973.

SUBJECT

Peronista Candidate Campora Wins Presidential Election in Argentina

Dr. Hector Campora, the Peronista candidate, has been elected President of Argentina. Although not all the votes have been counted, runner-up Ricardo Balbin, Radical Party candidate, has conceded, having received less than half Campora's vote. President Alejandro Lanusse on nationwide radio and television announced Campora's victory, although he stated the result must be officially certified by the electoral court. A run-off vote probably will not be held even though Campora may not have received the majority technically required to win on the first balloting. The Peronistas also have won the majority of the Chamber of Deputies, the Senate, and the provincial governorships. The new civilian government will be inaugurated on May 25.

Campora and his Peronista group stated in the campaign that, if elected, they would accentuate state participation in the economy, which is already at a high level. They indicated that new foreign investment would have to provide new technology and new employment and that foreign ownership of Argentine banks would be ended. An increase in nationalistic rhetoric is anticipated. Most of the foregoing was also espoused by Balbin and is to a large degree an extension of present Argentine policies. In the formation of policies, it is expected that Campora will take account of the views of the Radical Party and keep a watch on military reactions. This should moderate any extremist tendencies.

Argentina may seek to establish a stronger leadership role in the hemisphere as a counter-poise to Brazil, its long-standing rival, and to assert its independence of U.S. influence. Resumption of relations with

¹ Summary: The Department of State reported on the outcome of Argentina's election and discussed implications for U.S. policy.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 769, Country Files, Latin America, Argentina, 1 September 1971–31 December 1973. Confidential. An April 13 CIA memorandum observed that Cámpora intended to "follow the wishes of Perón in every important aspect of conducting the affairs of his government," making Perón "the de facto President of Argentina." (Central Intelligence Agency, Office of the Director of Central Intelligence, Job 80M01066A: ER Subject Files, Box 15, Folder 11: Executive Registry Subject Files—1973 WH Division/DDO)

Cuba can be expected to come fairly early in Campora's regime. Relations with Chile will probably continue as at present.

We do not now foresee that any U.S. business problems with the new government will lead to crises in our official relations, although our rapport will not be as good as it is now.

In the long term, a return to an elected government with all political groups freely participating should lead to political stability, more consistent economic and social policies, and the achievement of a more significant role in hemispheric affairs.

Theodore L. Eliot, Jr.

3. Telegram 106611 From the Department of State to the Embassy in Argentina¹

Washington, June 4, 1973, 1602Z.

106611. Subject: Secvisit LA: Secretary's Meeting With President Campora, May 26, 1973, 5:00 PM, President Campora's Office.

1. Participants:

The President of Argentina

Foreign Minister Puig

Jorge Mendez, Ministry of Foreign Affairs (in room as standby interpreter)

Secretary of State, William P. Rogers

Jack B. Kubisch, Assistant Secretary-Designate for Inter-American Affairs

Neil Seidenman, Interpreter

2. The Secretary began by saying he knew President Campora was in a very busy period and that he did not want to take too much of the President's time so soon after his inauguration.

3. President Campora said that in meetings like these, no time was ever lost, only time gained.

¹ Summary: President C  mpora, Foreign Minister Puig, and Secretary Rogers discussed nationalism and investment and trade issues.

Source: National Archives, RG 59, Central Files 1970–73, ORG 7 S. Secret; Immediate; Nodis. Drafted by Neil Seidenman in OPR/LS and by Kubisch on June 1 and approved in S. Rogers attended President C  mpora's inauguration.

4. Secretary Rogers then delivered a letter from President Nixon to President Campora, adding that there was no objection to publishing the letter if President Campora wished.

5. President Campora said that he would be glad to make it public if such were President Nixon's desire. The Secretary indicated that this would be entirely up to President Campora.

6. President Campora then asked the Secretary what impressions he had gained from his trip which, President Campora added, he hoped was being fruitful.

7. The Secretary thanked the President for his good wishes. Before replying to the President's query, the Secretary said he wished to state that he recognized the tremendous tasks which lay before the President of a great country such as Argentina, and he wished to convey to the President his congratulations and best wishes.

8. President Campora replied that he felt honored by the Secretary's congratulations, adding that he would feel even more honored when the problems that faced him as President were one day surmounted.

9. The Secretary went on to say that he considered his trip throughout Latin America to be a successful one. It was clear to him that in Latin America and particularly in Argentina there was a feeling of nationalism, a feeling on the part of the individual countries that they wished to do things for themselves and not to be dependent upon other countries.

10. Campora remarked that he agreed with the Secretary's assessment. The feeling, in point of fact, had been running for many years, but "obstacles" had repeatedly arisen to prevent full realization of the peoples' desire. Now the feeling was taking on growing significance throughout the hemisphere.

11. The Secretary commented that this was of special interest to him. He said that in his travels to all parts of the world he had observed that nations that had grown and progressed possessed a tremendous drive of their own to do so. Much had been said of "ideological pluralism." This was a natural thing because there were no two governments exactly alike in the world.

12. President Campora remarked that the important thing was that differences should not prevail among the peoples of the world.

13. Secretary Rogers then observed that even with differences, governments could have good relations.

14. President Campora assured the Secretary that such was the desire of the Argentine nation of which he had the honor to serve as Chief Executive. Argentina's desire was to have a mutual understanding with all of the countries of the world. However, international relations should also be shaped by a desire to reduce the gross dispari-

ties between countries. The President went on to say that in his view the Argentina of today, following a difficult period of institution building, had need of all the other countries of the world without exception. But it was also true that the rest of the world needed Argentina. He stressed that the need for reciprocity was essential, in spiritual as well as non-spiritual matters.

15. The Secretary responded that such was also the wish of the U.S. He hoped that it would be possible to bring about an improved climate in the hemisphere because while countries had differences, if these differences could be discussed in a friendly way, solutions could surely be found. On the other hand, if there were consistent confrontation, solutions would be harder to find.

16. President Campora stated that in his administration, there would be no inclination to accentuate differences. It would rather be to achieve convergence—a meeting of minds. But within this posture, his government would be consistently mindful of its mandate to achieve understanding with all governments on the basis of the reciprocity that every nation deserves. To achieve harmony on this basis, he said, would be the guiding light of the government over which he had the honor to preside. On the other hand, what Argentina could not accept, would be for outside interests (“*terceras posiciones*”) to upset relationships between Argentina and other countries of the world.

17. The Secretary said that such had been our policy for many other countries in the world, including the Soviet Union. We thought we had done a good job of reducing tensions in the world. The one thing that we expected was to deal on the basis of mutual respect.

18. President Campora replied that he recognized and appreciated that American policy had followed these lines towards other countries, and especially in the Western Hemisphere. He continued that as of May 25, the responsibility for Argentine policy was in the hands of his administration. Previously such responsibility had been with a different government. President Campora reemphasized that he agreed with the Secretary’s statement with regard to the importance of reciprocity and good will. This had always been a guideline for Argentina. But starting May 25, this approach would be pursued with even greater intensity.

19. At this point, President Campora begged the Secretary’s indulgence for a brief moment so that he could accept a phone call which had just been put through to him from the President of Brazil, who wished to convey his congratulations.

20. While President Campora was on the telephone, Foreign Minister Puig raised the matter of a possible revised approach (not specified) on the part of the U.S. to economic relations with Argentina, which he said he assumed would be implicit in the new foreign policy orientation

outlined by Secretary Rogers. At this point President Campora returned.

21. Making brief reference to the comments of the Foreign Minister, the Secretary told President Campora that the wish of the U.S. was to be able to discuss all matters in a mature, businesslike way with all of the countries of Latin America. Investment was a case in point. Sovereignty meant that a country had the right to establish such rules as it might see fit. It would then be up to investors to decide where to invest. The Secretary went on to say that the U.S. was not particularly anxious to encourage investments overseas, particularly in view of our balance of payments problems. Large investments overseas tended to create problems in this context because it took a long time for benefits or earnings from these investments to return to the U.S. At the outset such investments, therefore, meant a net outflow of money from the U.S., thus aggravating the U.S. balance of payments problem. Secondly, the USG was not interested in promoting investments in countries where such investments would not be helpful or wanted. If a country did not want such investment, that was all right. In fact, with so much demand for capital investment all over the world today, investors had to decide whether to go to Indonesia, to Western Europe, to Japan, Latin America, or elsewhere. For the USG it made little difference, except for the burden we had to bear when countries blamed us for the behavior of certain companies.

22. Turning to the matter that had been brought up by the Argentine Foreign Minister, the Secretary went on to say he appreciated Argentina's problem with its trade deficit vis-à-vis the U.S. For this reason, he was hopeful that it would be possible for the U.S. to extend generalized preferences, which should be of some help. He added that the U.S. was particularly sympathetic about such deficits inasmuch as the U.S. had about the largest balance of payments deficit in the world. The Secretary pointed out that the Foreign Minister had referred to Argentina's trade deficit with the U.S. However, the U.S. itself had a trade deficit with Japan, and Argentina had a surplus trade balance with Japan. Therefore, the Secretary said, the overall balance might not be too unsatisfactory from Argentina's point of view.

23. The Foreign Minister at this point countered good-humoredly that, although what the Secretary had said might be true, in all seriousness the accrued deficits in Argentina's trade with the U.S. over the past 40 to 50 years, involving billions of dollars, could not be offset by Argentina's present surplus with other countries.

24. The Secretary acknowledged the Minister's comment. Recognizing that time was limited, he indicated to the President that he wished to touch upon one or two further points. These were (1) that the U.S. wanted to have good relations with President Campora's government,

and President Nixon had personally asked the Secretary to convey this to him. (2) The Secretary expressed the hope that it would be possible for the two governments to hold private conversations at any time about matters of mutual interest if necessary to forestall any potential problems.

25. President Campora replied that as the President of Argentina, he wished to pursue the same objective as President Nixon, and he wished to reciprocate the Secretary's desire. President Campora went on to say that he thought it might be a good thing for both countries to initiate the kind of conversations suggested by Secretary Rogers, possibly through the medium of some kind of working groups, in order to achieve the more thorough understandings that both he and President Nixon wanted. President Campora added that, as the Secretary was also aware, very little of substance could be accomplished in this kind of conversation between them with time so short. That was why other meetings at appropriate levels could be helpful in bringing about the results desired by both sides.

26. President Campora went on to say that, speaking for his country, his wish was to have the best possible relations with the U.S. He emphasized once more that such relations must be pursued on the basis of mutual respect, harmony and reciprocal benefit. He concluded by stating that he considered the visit Secretary Rogers was paying him on this day to be a good starting point for achieving increased understanding, and he expressed the hope that further contacts at appropriate levels could be started soon, consistent with this objective.

27. Secretary Rogers expressed agreement with the President, indicating that he considered the President's suggestion about working meetings to be most appropriate. He assured the President that Assistant Secretary Kubisch would see that the U.S. side was fully prepared to participate in such meetings.

Rogers

4. Telegram 4021 From the Embassy in Argentina to the Department of State¹

Buenos Aires, June 6, 1973, 2140Z.

4021. For Asst Secretary Kubisch From Ambassador Lodge. Subj: Suggested Personal Approach to Perón.

1. I believe that Perón's arrival in Buenos Aires with President Campora, now set for Wednesday, June 20, confronts us with an unprecedented opportunity for imaginative and realistic diplomacy: (A) Perón's great ambition is to be the leader of Latin America. He has so stated. (B) While he will probably not reach his objective, there is a good chance that he will exert enormous influence throughout Latin America because of his ability to identify himself with people's preoccupations and aspirations. Many traditional anti-Perónists are changing their point of view because of their conviction that Perón is the only person who can save Argentina at this point. There is a considerable tide in his favor. (C) Perón may well be able to cope with the ERP and even disband it, thus removing Campora's greatest present worry. President Nixon's imaginative and courageous trips to Moscow and Peking changed our diplomatic frame of reference and constitute a major breakthrough in diplomatic norms which suggests a breakthrough in the direction of Perón.

2. Based on conversations which I have had with notable people, I believe that what Perón really wants is public recognition by the U.S. of his unique role of leadership in the Argentine situation today. It is a fact of life which we cannot ignore and which would, without our saying so, place Argentina, as far as the U.S. is concerned, in a position similar to Mexico and Brazil.

3. I believe that Department should consider instructing Ambassador Rivero in Madrid to make a friendly approach to Perón prior to his departure with President Campora for Buenos Aires. Admiral Rivero could say that the American Ambassador in Buenos Aires would like to call on him while he is here, to assure him, as Secretary Rogers assured President Campora, that we desire friendly and constructive relations.

¹ Summary: Lodge suggested that U.S. officials make approaches to Juan Perón prior to and immediately following his return to Argentina from Spain.

Source: National Archives, RG 59, Central Files 1970-73, POL ARG-US. Secret; Immediate; Nodis. In telegram 113357 to Buenos Aires, June 11, Kubisch authorized Lodge to set up a low-key meeting with Perón, but indicated that Nixon would not write a letter to him as Lodge suggested. (Ibid.) No evidence of a Lodge-Perón meeting has been found.

4. This could have a most beneficial effect on American companies doing business in Argentina. The consequences of such a move would probably reduce materially the anti-American sentiments in Argentina and elsewhere in Latin America. It would be a fresh start and would help to forestall increased anti-American attitudes which might well ensue when Perón disappears from the scene. This would not, as I see it, involve specific financial or commercial aid. It would be appropriate, I think, for me to hand Perón a personal letter from President Nixon. The matter is urgent and, if we can handle it effectively, could produce benefits of incalculable significance not only in U.S.-Argentine relations, but throughout Latin America. The opportunity will probably not return in such a potentially propitious form.

5. I have discussed the foregoing with appropriate members of the Country Team and the idea has their full support.

Lodge

5. **Memorandum Prepared in the Office of Current Intelligence,
Central Intelligence Agency¹**

Washington, June 21, 1973.

MEMORANDUM: PERÓNISM IN POWER

SUMMARY

Juan Perón and the Perónist Movement, exiled from power and politics for almost 18 years, are back. Despite a systematic exclusion from government, Peronism retains an almost mystical hold on Argentina, and Perón, once discredited as a tyrant and moral degenerate, has emerged as a kind of a folk hero. Perón has managed his remarkable hold on Argentina, from long years of exile in Madrid, through careful manipulation of his followers who worship him and his philosophy of Social Justice with an almost religious fervor, and by preaching a brand of nationalism that has broad appeal. Perón's hand-

¹ Summary: The CIA analyzed Cámpora's election, Perón's return to Argentina, the rise of Peronism, and its implications for U.S. relations with Argentina and Latin America.

Source: Central Intelligence Agency, Office of Support Services (DI), Job 79T00861A: Intel Pub Files (1973), Box 16, Folder 10: Peronism in Power. Confidential. Forwarded to Kissinger by Walters under a covering note, July 22, that reads, "I commend this paper to your attention as an initial assessment of the implications of the return of Peronism in Argentina." Copies were sent to Jorden, Rogers, Shultz, Rush, Port, Kubisch, Hurwitch, and Cline.

picked choice for president, Hector Campora, overwhelmed his opposition in a vote which shows that many more Argentines than just the Perónist hard core want what Perón has to offer.

The Campora government has taken office initially promoting a relatively moderate line, but the Perónist program will create some problems for the US and the rest of Latin America. Perón has long preached that Argentina should reduce its ties to the "imperialist" US and shift its alliances to the "Third World". Argentina can thus be expected to take action against some US business interests at home and to become an outspoken voice of protest against US "domination" abroad. Brazil will also come in for its share of abuse from Argentina, although Perón has been pushing for Latin America to unite against the super powers.

Peronism's future depends in large part on how well Campora can do before the almost 78 year old Perón passes on. There are strains within Peronism that may defy Campora once Perón is no longer around to hold things together—strains that may press Campora toward more extremist policies. Yet, Campora has the advantages of natural Argentine wealth and a program of wide popularity to keep him going. Even a modicum of success could insure his survival, and Perón's place in history.

Juan Perón and the Peronist Movement are returning to power in Argentina after 18 years of political exile for "El Líder" himself and the systematic exclusion of his followers from the mainstream of Argentine politics. Yet, throughout those 18 years, the weight of Perón's strength was always present and could not be ignored by either the country's civilian politicians or military officers who alternated in holding power. How is it that Perón, apparently discredited in 1955 as a ruthless fascist, as a man who plundered the Argentine treasury, as a sexual deviate, could be so enshrined in the hearts and minds of an advanced, sophisticated, and highly cultured society? How is it that Peronism, a vague concept of social justice in some ways more akin to a religion than a political movement, could so dominate Argentine politics?

When Perón first came to power in 1946, Argentina had had only a brief fling between 1919 and 1930 with the ideas of modern European social democracy. Before 1919, Argentina had been run by wealthy landowners and business interests centered in Buenos Aires. By 1930, the conservatives, seconded by the military, had rejected the radical intellectuals and returned to the traditional system. Perón was a product of this background—a professional but ambitious military officer, trained in part in Mussolini's fascist Italy—but he came to power in quite a different way.

Perón rode to power on the backs of Argentina's working class. He organized and politicized them, and gave them a voice in government they had never had before, even under the Radicals. In the early days, Argentina's young people and its large middle class were uncer-

tain, even frightened of Perón. His style of rule, much in the manner of the typical caudillo, with an added flavor reminiscent of Italy or Spain, gave them no cause for relief. Nevertheless, the workers found in Perón a champion, and were willing to forgive his dictatorial style.

Perón added another ingredient—the mystic and almost religious veneration of his wife, Evita. She was the High Priestess of Peronism during her life with Perón, and became a saint in the religion of Peronism after her death in 1952. While Perón's image began to fade in his last years of rule, hers remained untarnished.

By the time of his ouster in 1955, Perón had polarized the Argentine people. Many hated and reviled him, others worshiped him. A succession of governments that followed, suffering in part from his economic mistakes and systematically excluding his followers from politics, made the Perón era look increasingly good. Thus some people gradually forgot Perón's excesses in their nostalgia for the good times under his rule and their veneration of the man himself.

Now, Peronism is back—but it is quite a different Peronism than that which first brought victory in 1946. It has evolved from its fascist beginnings into a movement that embodies a variety of philosophies, some of them reminiscent of the early days, but most more leftist in nature. Peronism is really an evolution of the radical philosophy in Argentina, with an orientation away from the intellectual middle class toward the working class. The central theme stems from Perón's own concepts of Social Justice, or Justicialismo—an ideology that is more pragmatic than precise, but which probably represents the political philosophy of more than half of all Argentines. Peronists believe that the government should have control over the national economy and should not suffer the dictates of international or foreign business interests. They believe that the state should run the major industries and should control the national financial community. They believe that Argentina should have an independent foreign policy, free from ties to the super-powers, and should be able to exert its natural position of leadership in Latin America.

Beyond these major maxims, it is hard to define Peronism. Like many political movements, Peronism knows what it does not want—but has not been specific about where it is going. It claims to be anti-Communist, yet many of its young members have a certain Marxist-Leninist tinge. It claims that it is not fascist, yet among older adherents there is a significant current of right-wing ultra-nationalist fanaticism. Coupled with this vague political philosophy is the religious mysticism of the movement and the adulation of Perón, which grants him a certain aura of infallibility.

Part of the secret to the magic of Perón lies in the peculiar nature of the Argentine people and the vast riches of Argentina itself. Argentina

is a European country that just happens to be attached to the land mass of South America. It is a unique combination of Spanish and Italian peoples, with some small admixture of other groups—Indians, British, Jews, Arabs, Germans—that has created for itself a way of life and a philosophy of living that has no equal in the Western Hemisphere. This way of life is the antithesis of the Calvinist ethic of the United States and some parts of Europe. It rejects hard work, it values leisure and the pursuit of pleasure, and it can sustain this ethic because of the richness of the pampas. This wealth has permitted Argentina to operate on the brink of economic failure for many years, while its people eat well and enjoy TV sets and cars—what one economist calls mini-prosperity with macro-chaos.

Problems for Campora

The nature of Peronism and Perón's position within the movement create a variety of problems for the Campora government. After choosing Campora for his total loyalty, Perón demonstrated his hold over the movement by imposing this unpopular and obsequious figure on the rank and file. Campora's chief—and perhaps only—asset thus far is Perón's blessing.

Argentina's major political failing in the 20th century has been the inability of its politicians to subordinate their individual differences and work together. Now, because of the near-majority vote for Campora, the Peronist domination of congress, state and local offices, and the fact that the other major parties have similar political goals, the Peronist leadership may actually be able to put together a working coalition that will endure. In Perón's brief stay in Argentina last year, he managed to bring together a diverse group that includes relatively conservative labor leaders, impatient and radical youth, and moderate economic and business figures.

There are several issues, however, that could severely strain this coalition, and the economic ones are probably the most important. Argentina has suffered over the past few years from serious inflation, diminishing foreign investment, erratic grain and cattle production, and an inability to develop new export products at competitive prices. The Peronists are in an enviable position—they can probably impose a harsh and austere economic program and get away with it for a while. They will be, after all, the most popular government Argentina has had in twenty years, and they have vowed to correct the mistakes made by their military predecessors.

Unless they do something really extreme, which seems unlikely for the moment, the Peronists can probably count on labor, business, and much of the middle class to fall in line. Peronist youth, however, may not be so easy to convince. They have gone with Perón because

he represents change and anti-militarism and has been saying “revolutionary” things. They have been the most fervent in their acceptance of the Peronist “religion,” and they will probably be the first group to become disenchanted.

If they do, Campora could have a serious problem—especially if frustration or dissatisfaction turns them to revolution or terrorism. Some old guard Peronists believe the youth have not bought Peronism at all and are not “true believers,” but that they have seen it primarily as a way to oust the military and as a possible vehicle for more revolutionary politics. Whether this is true or not, Campora may still have a serious dilemma, since moves to satisfy the more revolutionary aims of youth could alienate Peronism’s traditional power base.

Campora’s initial moves have reflected his moderate stance. He has chosen a cabinet of old-guard Peronist politicians and avoided placing more outspoken extremists in positions of influence. Yet, some sources—and some Peronist documents—claim that this is but an interim government, designed to hold the line until the Peronists have consolidated their hold. These reports predict that a more “revolutionary” government will be formed, perhaps in six months.

The future of Peronism hinges in great measure on Perón himself, now almost 78 years old, and on the ability of the Campora government to achieve a measure of success before the old man dies. If Perón goes without giving up at least some of his all encompassing command to his surrogates in Buenos Aires, Peronism could dissolve, in the traditional Argentine way, into a factionalized struggle for power. If Campora can hold things together, and satisfy youth and the skeptical middle class, the future of his government may be assured, with or without the presence of Perón.

A large factor in Campora’s success or failure in the post-Perón struggle for leadership will be his ability to exploit the wave of adulation for Perón that is sure to start in the months to come. The renaming of streets, plazas, and buildings for Perón and Evita—a re-enactment of things that were commonplace during the first Perón era—will tend to sanctify the image of Perón himself. Campora, if he plays his cards well, can then claim that he should remain as the chosen interpreter of Justicialismo.

The one major force that has suffered greatly in the resurgence of Peronism is the armed forces, long considered the final arbiter in politics. They forced out the Radicals in 1930 and have been deeply involved in politics ever since. They connived with Perón in bringing “El Líder” to power in 1946, and then—when they finally rejected him in 1955—removed him. They have been more than just a surrogate for the wealthy class, at least in the post-Perón era. In fact, most military officers probably subscribe to many of the nationalist tendencies within

Peronism. What they object to involves Perón himself—a man who disgraced their uniform—and the “rabble” that surrounds him.

The armed forces still maintain the power to take control of the government, in a physical sense. They have the tanks and guns. They would face, however, a populace that had rejected them at the ballot box, and some segments of the Peronist movement that would take up arms against them. While Argentine military forces have been willing to trade blows with each other over their role in government, they have never been enthusiastic about confronting the popular will. And in the present state of public disillusion with the military government, only some major break-down in Campora’s administration would prompt the people to call them back from the barracks in the near future.

Implications for the US and Latin America

The changing nature of politics in Argentina will have most of its impact at home. Nevertheless, a major tenet of the Peronist philosophy involves a shift in foreign policy as well. Argentina has never considered itself either a truly Latin American country or a close ally of the United States. Its orientation has always been toward Europe. Perón’s own view of the world was colored by service in Italy as an attaché before World War II, by the pro-Nazism of much of the Argentine military during World War II, and by the active effort of the US to prevent his becoming president in 1946. These experiences probably lie behind a Peronist promise to shift Argentina away from the US toward an alignment with the “Third World.”

What this means is more likely to be a shift toward better relations with such countries as Cuba, East Germany, North Korea, and North Vietnam than the adoption of a virulently anti-US policy, although a considerable amount of anti-US rhetoric can be expected. The Peronists hope to augment their trade relations with Europe and bring in European capital to replace US money. They also intend to take over at least some US businesses and force out some US banking interests. They do not intend so much to alienate the US as to demonstrate their independence. In this regard, they will be joining the governments of Peru, Chile, and Mexico, which have already moved in this direction.

Perón also is interested in developing friendly relations with the Arab states. It is hardly likely, however, that he would wish to see Argentina become a haven for Arab—or any other—revolutionaries or terrorists. Such a move could easily backfire. Yet he seems to know that this is a sensitive area for the US, and he has always enjoyed being able to stick the needle in Uncle Sam.

A Peronist Argentina will thus be a nagging vexation for the US. Nevertheless, Campora says that he intends to maintain friendly relations if he can. He may at times try to use the US as a whipping

boy, but most Argentines are sophisticated enough to realize that the US is not the reason for Argentina's problems.

Other countries in Latin America may be more concerned about the impact of a return of Peronism. In fact, Brazil is already beginning to see the Peronist hand in all sorts of evil adventures. It seems to think that Argentina is going to become a haven for revolutionaries, that Campora will attempt to overthrow pro-Brazilian governments in Bolivia or Uruguay, and that he will somehow be able to isolate Brazil from its Spanish-speaking neighbors. The Peronist philosophy of leftist nationalism, obviously anathema to President Medici and his generals, adds a new aspect to the traditional rivalry between the two countries.

For its part, Argentina has always seen other nations in Latin America as somewhat inferior. It cites Brazil's "mongrel" population, the Indians in other countries, and Argentina's racial purity as reasons for Argentine superiority. Thus Argentina's economic failures have always stuck in Argentine craws when relations with other Latin nations are at issue. Argentina under Campora will probably attempt to be more aggressive in Latin America, opposing Brazil and the US in international forums, and seeking a greater role in regional economic activity. This will not sit well with the other states—they might accept Argentine equality, but never Argentine hegemony. Nevertheless, Campora will be saying some things that will strike a responsive chord in Chile, Peru, Mexico, and perhaps even Venezuela.

Perón, Peronism, and the Campora government could represent Argentina's last chance to find political peace without turning to the extremes of leftist revolution or right-wing military dictatorship. More likely, if the Peronists come unstuck, Argentina will avoid extremism and continue to fumble along, not doing well, but not doing all that badly either. Thus, Campora's chances of achieving a modicum of success are better than even. And Juan Perón's chances of fulfilling his deep ambition—to be enshrined as the great modern hero of his people—are at an all-time high.

6. **Memorandum From William J. Jorden of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)**¹

Washington, July 12, 1973.

SUBJECT

Argentine President Resigns

TV stations in Buenos Aires reported this afternoon that recently elected President Cámpora has resigned. This paves the way for Juan Perón to assume official power as opposed to the de facto leadership he already clearly wielded. The Vice President and President pro tempore of the Senate also are said to have resigned. That means that the President of the Chamber of Deputies will act as temporary President until elections can be held within the required 30-day limit.

Commanders of the Army, Navy and Air Force are said to have gone into emergency session. The Army CINC, General Carcagno, met with Perón for more than an hour night before last. The reason now becomes more obvious. Perón will need full military support if the transition period is to be peaceful.

Perón's labor supporters, under the leadership of the General Confederation of Workers (CGT), are said to be mobilizing for massive street demonstrations in Buenos Aires. This will obviously be a pro-Perón solidarity feast.

Shortly after Cámpora's election, we had some reporting that the above scenario would be carried out. The real surprise is the timing, since Perón's health has been reported as not too good. It appears he has recovered from the "nervous attack" he suffered shortly after his triumphal return was disrupted by rioting and a large-scale gunfight.

¹ Summary: Jorden reported that President Cámpora's resignation would pave the way for Perón to assume power.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 769, Country Files, Latin America, Argentina, 1 September 1971–31 December 1973. Secret. Sent for information. A stamped note reads, "HAK has seen." On July 13, the Argentine Congress accepted Cámpora's and Solano Lima's resignations and appointed Raul Lastiri Provisional President. (Telegram 5032 from Buenos Aires, July 14; *ibid.*, RG 59, Central Foreign Policy File, [no film number])

7. Intelligence Memorandum¹

Washington, undated.

ARGENTINA: PERÓN RETURNS

Since Perón's fall from power in 1955, no party, no leader, and no formula has succeeded in healing bitter political and social divisions, nor in raising Argentina anywhere near its very considerable economic potential. The resounding Peronist electoral victory under Hector Campora in March 1973, and Campora's resignation from office on 13 July, open the way for Perón to return to the presidency for a second effort at national reconstruction. Whether the Peronists of the seventies will rerun the mistakes and excesses of the forties and fifties, or whether they have learned from hard experience and can provide the peace and prosperity Argentines yearn for remains an open question. Argentine history almost requires a certain degree of pessimism, however.

True, the new regime possesses greater assets for success than did the string of failed governments—especially its charismatic leader and broad popular support. But it will face a number of formidable problems. Perón must hold together the disparate and feuding elements of his movement; maintain his revolutionary mystique without becoming the captive of self-defeating xenophobia; contain both the terrorist extremists and the conservative military; and launch a belt-tightening development program in a self-indulgent society. Additionally, the 77-year old Perón adds special personal liabilities as well as strengths to the new regime.

The return of Peronism will in general have a negative effect on US-Argentine relations. The implications for the US are discussed in paragraphs 24–27.

[Omitted here are sections entitled "New Politics, Old Problems;" "Perón, Master Manipulator;" "The New Government's Assets;" "Lia-

¹ Summary: In the wake of Cámpora's resignation, the CIA concluded that Perón's return to power would have a negative impact on U.S.-Argentine relations.

Source: Central Intelligence Agency, Office of the Director of Central Intelligence, Job 80M01048A: Subject Files, Box 1, Folder 11: A-20: Argentina. Secret. A note on the original reads: "This memorandum was prepared in the Office of National Estimates and coordinated with appropriate offices in CIA. Comments may be addressed to: [less than 1 line not declassified]." Sent to Colby and Walters under a July 20 covering memorandum. On August 11, Colby wrote on the covering memorandum, "Sorry I've been so long. —This is obviously an excellent paper and presents the present status as one offering various forks in the road ahead well. —It might be possible, however, to be a bit more precise on potential alternative developments and the factors causing them, as the analysis might then suggest some possible actions to take as a result. Overall, however, fine. —WEC 8/11/73."

bilities and Uncertainties;" and "A Clouded Perspective after Two Months of Peronist Rule."]

8. Memorandum of Conversation¹

New York, October 5, 1973, 12:45 p.m.

SUBJECT

U.S.-Argentine Relations

PARTICIPANTS

Foreign Minister Alberto Vignes of Argentina
Secretary Kissinger
Neil Seidenman, Interpreter

Following a short exchange of views with their principal aides, Foreign Minister Vignes and Secretary Kissinger met alone.

Minister Vignes opened the conversation by saying that the advent of Perón affords an opportunity for Argentina and the US to establish a foundation for cooperation that will be positive, practical, and beneficial to both countries. The time appears to be ripe for this. Argentina is one of the only large countries of the hemisphere, in size and importance, that has a constitutionally elected government, and whose policies are based upon the will of its people, as opposed to some other countries where the situation could be sometimes compared to a time bomb which might go off at any moment. That is why an examination of problems of interest to both countries will be beneficial. He acknowledged that there are differences of appraisal between Argentina and the United States, but even if the objectives of the US were different from the objectives of Argentina, still there should be room for dialogue and agreement despite such differences. He said that the two governments must seek areas of parallel interest so as to get rid of problems

¹ Summary: During the UN General Assembly session, Kissinger and Vignes discussed U.S.-Argentine relations.

Source: National Archives, RG 59, Central Files 1970-73, POL ARG-US. Secret; Exdis. Drafted by Neil Seidenman in OPR/LS and cleared in S. The conversation took place in the Waldorf-Astoria Hotel. In telegram 6997 from Buenos Aires, September 24, the Embassy reported that Perón won the Presidential election on September 23 with about 61.5 percent of the vote. (Ibid., Central Foreign Policy File, [no film number]) In a September 28 memorandum, Kubisch briefed Kissinger for his meeting with Vignes. (Ibid., Central Files 1970-73, POL 7 ARG)

which, however small they may be, become irritants to public opinion. Public opinion in Argentina at this juncture is highly sensitized and euphoric as a result of the recent democratic achievement. Therefore, while this euphoria may have certain negative reflections, it can also be channeled to positive ends. That is why it is essential for the GOA and the USG to examine the situation for openings that will be beneficial to the two countries.

In the economic sphere, Minister Vignes noted, Argentina's balance of payments has shown a chronic deficit vis-à-vis the US. The US, with a market place of more than 200,000,000 people, buys less from Argentina than Argentina buys from the US with its market of only 24,000,000 people. In other words, for each dollar that the US spends for Argentine goods, Argentina buys \$2.00 worth. Therefore, there is a need to seek ways to bring about a change in Argentina's trade position with the US which has been too severely negative, thus seriously affecting Argentina's balance of payments.

Also in the economic sphere, Minister Vignes continued, he wanted to mention Argentine scrap iron purchases in the US. The present position of the US is that only orders made before July 1 should be filled. In the event that the US does not modify this situation vis-à-vis Argentina, the Argentine steel manufacturing industry will be paralyzed. Argentina's scrap requirements for 1973 are 140,000 tons and for 1974 some 750,000 tons. With the world scrap market in its present state, the US is the only place the GOA can turn to. Minister Vignes concluded by saying that he would leave a memorandum on this subject with the Secretary's advisers.

Secretary Kissinger noted that a memorandum would be helpful. There are two problems before us, he said. One is the basic relationship between our two countries, and the other has to do with the specific issues between us in the light of that relationship. With regard to the first, the USG attaches great importance to Argentina. Regarding the second, it must be said that a leader who has been in exile for twenty years who returns to his country and gets 65% of the votes is a man of historic importance. The Secretary stated that in all frankness he preferred to deal with big people rather than small people. They may be more difficult to deal with, but it is more worthwhile. As far as the United States is concerned, our attitude is a positive one: we wish to have close and confidential relations with Argentina. He observed that he is not fully acquainted with the details of some of the specific issues. The question of scrap sales is an example. But if the Minister would leave a memorandum on the subject, he will ask Assistant Secretary Kubisch to deal with the matter. The important thing is to establish the possibilities for cooperation between the two countries.

Turning to another subject, the Secretary said that he understood that Argentina has credit arrangements with Cuba. The Minister

acknowledged this to be the case but said that this is purely a financial operation, aimed only at enabling the Argentine farm machinery industry to operate at full capacity. He said that Cuba knows that Argentina is "justicialista" and anti-Communist, as he personally had occasion to put it to Castro in Algiers. Vignes said that there is a problem that he would wish to solve with the US in connection with the Cuban credit arrangement, involving Argentine ships carrying Argentine products to Cuba. These ships operate at considerable loss, because they have to return empty and cannot enjoy refueling and reballasting privileges in US ports under certain rules in effect at this time. It would be of maximum interest for Argentina to see a revision of this position on the part of the US so that Argentine ships might be serviced in US ports.

The Secretary replied by noting that there may be difficulty with this. He promised to look into it, but in the light of present legislation, it is very doubtful. Also there is the matter of American companies in Argentina, which are being pressed to take part in these arrangements. This places them in the awkward position of being in violation either of Argentina's laws or US laws.

Turning to the political area, Minister Vignes said that Argentina is concerned with the indifference of the US regarding the issue of the Falkland Islands, which is a colonial problem within the hemisphere. He could not understand how the US, which was once a colony, could take such an attitude. Accordingly, he would be pleased if the USG were to suggest to Great Britain that it activate negotiations in this regard.

On the question of the Organization of American States, Minister Vignes said that he was aware that the thinking on the part of the US differs from that of the Latin American countries. But he believes that, through frank discussions, it will be possible to make changes that will meet the interests of all the parties.

The Secretary responded that he also believed this will be possible. Of first importance is that Argentina and the United States have close contacts. He promised to deal frankly with the Minister. He said that he was not a professional diplomat, and will say what he thinks. He hoped that the Minister would deal with him in a similar manner. Minister Vignes assured the Secretary that he would, saying words to this effect: I am a professional diplomat. I was an official with the first administration of General Perón, as Under Secretary of Foreign Relations. I am a close and personal friend of Perón's, and I will be able to cooperate in a way that will constitute a contribution to the new relationship between the US and our country.

The Secretary recognized that certain things must be done for domestic reasons. If certain things reinforce the domestic situation, this is often helpful in the area of foreign policy. But it is also important to take long-range considerations into account.

Minister Vignes said that he wanted to mention that the Argentine Government has submitted various economic and financial bills to the Legislature, some of which have a bearing on foreign investment. In these, foreign investment is fully guaranteed. It should be noted that all foreign investment that was made during the first administration of Perón is still in effect. Any investment in Argentina will be made under ground rules that are perhaps stricter in nature than heretofore, but which were constitutionally arrived at through congressional action based upon the initiative of the constitutionally elected government. This is distinct from situations that prevail in certain countries with *de facto* governments which, while very favorable for a given period of time, could change drastically and do away with everything at once without warning.

At this point the private meeting ended with Secretary Kissinger saying that the meeting had been helpful and Minister Vignes expressing his gratification. The other members of both delegations were then invited back for a brief discussion of a press communique.

9. Telegram 7789 From the Embassy in Argentina to the Department of State¹

Buenos Aires, October 25, 1973, 2027Z.

7789. Subject: US-Argentine Relations: A New Era? Ref: BA 7590 and BA 7730.

1. Summary. There are straws in the wind which suggest that the attitude of the Peronist government toward the US may be mellowing. But the test will come with looming serious bi-lateral problems. The degree of accommodation with which both governments approach

¹ Summary: Lodge reported that notwithstanding some outstanding differences over civil aviation, steel scrap, and sales of U.S. subsidiaries in Argentina to Cuba, U.S.-Argentine relations seemed to be improving.

Source: National Archives, RG 59, Central Foreign Policy File, [no film number]. Confidential. Although the Nixon-Perón exchange of correspondence has not been found, telegram 7590 from Buenos Aires, October 16, noted that Nixon's letter had been commented upon favorably by the Argentine press and that Perón's response to Nixon signalled his desire for good relations with the United States. (Ibid.) In telegram 7533 from Buenos Aires, October 15, Lodge reported that Vignes had told him that the letter from Nixon was a positive step but that it would soon be necessary to have in-depth discussions on unspecified "matters of importance." (Ibid.)

their issues will determine whether the present harbingers herald a new era in our relations. End summary.

2. There is a rising speculation in informed circles in Buenos Aires that US-Argentine relations may be entering into a new period of closer cooperation and greater good will. The principal impetus to this speculation undoubtedly was the widely publicized exchange of letters between President Nixon and President Perón on the occasion of the latter's inauguration, and the equal play given by the media to Foreign Minister Vignes' meeting with Secretary of State Kissinger in New York. It was less the substance of these events than their obvious warm and friendly tone which has struck public opinion. This tone is far removed from the coolness perceptible on the Argentine side in the period following the inauguration of President Campora last May.

3. Indeed, this change was recently commented upon by the highly regarded commentator Claudio Escribano in the weekly Argentine magazine *Gente* (circulation 265m), edition of Oct 19. Escribano replied to a question concerning Perón's answer to President Nixon by stating that Perón's letter was truly important while noting that Perón has generally been more careful in his statements about the United States than he has generally been made out to be. Escribano quoted the portion of Perón's reply to President Nixon which indicated Perón's satisfaction with the substance of the recent meeting between Foreign Minister Vignes and Secretary of State Kissinger, including the sentence "This atmosphere makes it possible to think that a new stage is beginning, the realization of which we look forward to with understandable mutual interest". Commenting, then, that if Vignes' mission had included opening the way to refinancing the foreign debt, as claimed in high official circles, Escribano said that possibly some people may moderate their feelings about the actual influence that Europe may have in the future on Argentina's financial and economic improvement. He added that the possibility of a visit by Secretary Kissinger to Argentina at a later date should not be ruled out.

4. There have been several other recent developments which perhaps are early harbingers of a possible change in attitude toward the United States. It is noteworthy in this connection that I was received by General Perón when he still was the President-elect on October 5 and that the round of protocolary functions associated with my departure from the post has included a luncheon in my honor by Foreign Minister Vignes attended by Minister of Justice Benitez and a dinner given by Interior Minister Llambi. Also, both Minister of Economy Gelbard and Minister of Education Taiana attended my farewell reception on September 20. Perhaps even more impressive was the attendance at a dinner given by my wife and me for Mr. and Mrs. Frank Ortiz on October 19, which included such leading lights of the present

government as the new Secretary General of the Presidency, Dr. Solano Lima; First Vice President of the Senate, Dr. Allende; the Minister of the Interior, Benito Llambi; the President of the Central Bank, Gomez Morales; the Under-Secretary of Justice, Perez Pardo; ex-Foreign Minister under Perón, Hipolito Paz; the Uruguayan Ambassador Folle Martinez; and such Foreign Office luminaries as Ambassador De la Plaza. The atmosphere at dinner was warm and friendly, and the acceptances by virtually all those invited—more, in fact, than we had expected—strongly suggest that this was far from accidental.

5. The above suggests that we may indeed be moving into a period in which greater cooperation will be possible. If so, this would represent an important achievement on the part of the Embassy and the Department in guiding our bi-lateral relationships through the shoals of an extremely delicate and critical period. It is, of course, important to remind ourselves that these are mere straws in the wind at best. By our prudent official silence on some of the more dramatic moves of the Argentine Government after May 25 (recognition of Cuba, North Korea and East Germany, the credit to Cuba, the Argentine position at the Caracas Conference of Army commanders and at the OAS meeting in Lima, etc), we have avoided confrontations on these issues. But we must recognize that we have not yet faced a crunch with the GOA on matters of serious importance in our bi-lateral relations and that several of these issues (civil aviation, steel scrap, sales of U.S. subsidiaries in Argentina to Cuba) are beginning to loom ever closer. How disturbing these issues may become to our bi-lateral relations will of course depend upon many factors, not the least of which are our ability to meet Argentine aspirations which they regard as reasonable and legitimate and the alternatives which the GOA may feel that it has for replacing present arrangements without serious damage to its own interests. Perón traditionally has displayed a remarkable pragmatism in his political decisions, but Perón is not yet the master in his own house and his freedom of decision is compromised by the necessities of dealing with the left and right wings of his heterogeneous movement, elements of which are notoriously anti-American. Perón recently commented to an Italian interviewer that the US talk of a new and better relationship with Latin America thus far is just words and that concrete acts must be awaited. The same applies in reverse of course; we must wait and see whether the recent favorable signals of Peronist officialdom indicated above represent anything more than a new swing in Perón's habitual pendular politics. In the meantime, as noted in my 7533, FonMin Vignes on Saturday, October 13, said words to the effect that the time was approaching when we should talk turkey.

Lodge

10. Telegram 8459 From the Embassy in Argentina to the Department of State¹

Buenos Aires, November 19, 1973, 2210Z.

8459. Subject: Possible Meeting Between Presidents Nixon and Perón: Talking Points. Ref BA 7998, BA 8031, BA 8249, BA 8189, State 226884.

1. Summary. Embassy recommends that President Nixon meet with President Perón during latter's trip to UNGA. Some background reflections and possible talking points are suggested. End summary.

2. The local press and other media for weeks have given almost daily prominent play to developing plans for a visit by President Perón to the UNGA. These accounts are believed to have been officially inspired through deliberate leaks and almost invariably included a reference to a possible meeting with President Nixon while Perón is in the US. On Nov 15, FonMin Vignes publicly confirmed that Perón would travel to New York in early Dec. A meeting with President Nixon is known to have been under the most active consideration among Perón's entourage and within the Foreign Ministry as an important part of this trip. In view of Ambassador-designate Orfila's formal request on Nov 15 for such a meeting, plus FonMin Vignes' conversation with me on Nov 16, the Embassy submits the following suggestions regarding points which might be touched upon in the conversation between the two Chiefs of State.

3. By way of background, the Mission regards such an interview as a potentially important step in assisting US-Argentine relations through a most delicate period and in responding to the GOA's recent signals for a new, normal, cooperative relationship, initiated with the Vignes-Kissinger talks in New York in Oct and clearly stated by Ambassador-designate Orfila to the Acting Secretary. While Argentine interest in such a meeting undoubtedly has additional objectives—enhancement of Perón's international acceptance and stature and of Argentina's prestige at a time when the GOA is clearly engaged in diplomatic offensive to this end—the meeting could well be used to serve our own purposes as well. The manner in which Perón stretches for Third

¹ Summary: The Embassy suggested that Presidents Perón and Nixon meet to discuss the key issues in U.S.-Argentine relations, such as the environment, narcotics, détente, and economic development.

Source: National Archives, RG 59, Central Foreign Policy File, P840114-1886. Confidential; Nodis. Due to his failing health, Perón did not travel to New York. (Telegram 8663 from Buenos Aires, November 28; *ibid.*, [no film number]) The Perón-Nixon meeting did not take place.

World leadership at the UNGA and in future fora could well be determined to some degree by the prospect of a meeting with President Nixon. In any case, our failure to arrange such a meeting at a mutually agreeable site would be interpreted by the sensitive Argentines as a rejection of their overtures with consequent repercussions for US interests in Argentina.

4. With the return of Argentina to an elected government with majority support (62 percent) for the first time in many years, the way is at least open to an effort by Argentina to recoup the role to which she has traditionally aspired in the hemisphere and by the same token for the USG to reconsider our relationships which have labored under inhibiting factors for so many years. Argentina, along with Mexico and Brazil, seems destined, on the basis of population, size and resources, to become a secondary world power. Mexico's propinquity and Brazil's long tradition of friendly cooperation have attracted particularly close policy attention from the USG. In contrast, the distant location of Argentina, her customary rivalry with the US in the hemisphere, and in more recent years her political instability and economic stagnation, have developed in the Argentines a sense of frustration and deep nationalistic sensitivities in dealing with us. We now have the opportunity to begin a reversal of that process if, while defending our own interests, we accord Argentine leaders the respect and recognition they believe they merit, and cooperate with them in achieving those aspirations which are compatible with our own. Perón thus far has given evidence of desiring to avoid the excesses of his earlier administrations (1946–55) and is widely regarded in Argentina, even by many anti-Peronists, as the only public figure today with any prospects of being able to pull this divided country together again. A stable, progressive Argentina could be a great asset to the US in the Southern Cone. We therefore have an important stake in the success of the moderate forces in Argentina which Perón now represents. The outlook for Argentina and perhaps even for the entire Southern Cone is clouded indeed if Perón fails in his attempt at "national reconstruction," given the absence of any viable alternative.

5. Mission believes consideration should be given to following subjects in a Presidential meeting:

A. Hemisphere policy. In the context of the current meetings on restructuring of the OAS, the GOA has assumed a position between those advocating radical change (Peru, Panama et al) and those favoring the status quo. The GOA favors reforms, but has adopted a constructive, fairly moderate attitude in the OAS discussions. The recent exchanges of letters between the Presidents and between Ministers Vignes and Kissinger, capped by a meeting of Perón with Nixon, should strengthen this attitude of seeking a new dialogue, pursuant to the Secretary's

invitation to Latin America, instead of confrontation. Embassy has been told by informed source that with respect to recent Bogota meeting FonMin Vignes has instructed GOA delegation to avoid positions which might embarrass "his good friend Henry Kissinger." The above notwithstanding, the GOA must operate under certain policy restraints, given the present inflamed state of nationalism in Argentina and the heterogeneous elements (including the radicalized youth sector) which comprise Perón's Justicialist movement. Perón personally is believed to be conservative in viewpoint and Argentina traditionally prefers to pursue its policy objectives mainly through bilateral channels. At this time, however, Perón is engaged in an effort to resuscitate Argentine hegemony in Latin America, lost in the travails which have beset the country since 1930, and has aligned his country with the Third World, at least for certain tactical purposes. The GOA seeks to become the bridge between the US and the rest of Latin America, for which it would like to serve as spokesman. The major obstacle to this goal, within Latin America, is of course Brazil, whose dynamic growth in recent years is viewed in Argentina with deep concern and envy. Perón may disclaim any rivalry with Brazil, but at the same time may seek assurances of an even-handed policy on the part of the US. Such even-handedness is indeed in the long-range interests of the US, but those same interests preclude our acceptance of Argentina as an intermediary with the rest of Latin America and such a role would doubtless be unacceptable to the other Latin American States.

B. Ecology. Any reader of Perón's public pronouncements since his political comeback after 18 years of exile must be impressed with his steady refrain of concern over the human environment and the conservation of natural resources, even though he deals in cliches which suggest that his real knowledge in this field is somewhat superficial. It would be desirable to express at a high level gratification over his obvious interest in this timely subject, and to offer to him the knowledge and experience which we have developed in this area. This is indeed a field of possible cooperation, on both the bilateral and multilateral levels, in which our mutual interest is apparent and for which the scientific cooperation agreement of 7 April 72 might serve as an appropriate framework.

C. Narcotics. The GOA's awakening to the perils and the needs in this field has developed at an encouraging pace and initial bilateral planning was promising. Nevertheless, much momentum was lost, at least at the policy level, in the confusion of the transition between the military government and Perón's assumption of power, although cooperation at the enforcement level has continued. There are now signs of interest on the part of the GOA in reviving the suspended work of the Argentine Drug Policy Coordinating Board (CONATON)

and with it the functioning of the Binational Commission on Narcotics. It is suggested that appropriate appreciation be expressed for past cooperation of the Argentine authorities as well as our readiness to step up our collaboration in this area of mutual concern and shared objectives.

D. *Détente*. Under both the Lanusse (military) government and Perón the GOA has pursued a policy parallel to our own, known locally as “removal of ideological barriers.” Relations have been established with China, North Vietnam, Cuba, East Germany and North Korea. Perón unquestionably would be pleased to hear from President Nixon his views on the progress, objectives and prospects of the US in its efforts toward *détente* with Peking and Moscow. At the same time, it would be appropriate to congratulate the GOA on its own pragmatic (and generally prudent) approach to relations with these two world powers. At same time, a potentially serious problem has arisen from GOA interest in exporting to Cuba, which under present US legislature places US subsidiaries in Argentina in a virtually untenable position.

E. *Investments*. Perón’s government is just now beginning to outline plans for major economic development program to be undertaken during 1974–76. In addition to help from international institutions, we believe GOA interest in foreign direct investment is steadily growing. Despite earlier brave talk of relying on European, Arab or even Chinese sources, the practicalities of the situation point again toward substantial dependence upon US sources. The modifications in the foreign investment law at the direction of the executive before passage are straws in the wind, even though they fall short of practical encouragement of such investment. However, it is not clear whether Perón himself will raise economic subjects or whether he will leave it to other members of his entourage, such as Minister of Economy Gelbard, in subsidiary talks. In any case, the Mission strongly recommends a coordinated approach to this subject between the government and the American business community. The local US Chamber of Commerce constitutes an imposing reservoir of knowledge in this field. Their involvement in preparations for such talks on investment would be highly useful and they are prepared to send a group to the States for this purpose. Their participation in any talks with Gelbard and others in Perón’s party would serve also to boost their standing in dealing with the GOA here.

F. Our assumption is that talks at the Presidential level will deal with broad policy matters, leaving specific issues and problems to Cabinet level officers and their subordinates. For this purpose the subjects listed in BA 6558 are still valid. Should opportunity arise to discuss civil air problems, it would be useful to indicate we believe broader Argentine interests (e.g. tourism, economic development) are

being sacrificed to narrower interests or Aerolineas Argentinas in GOA civil air posture to date. Since root of Aerolineas' problem is managerial inefficiency and lack of commercial drive, consideration might be given to offering assistance through Intl Executive Service Corps.

Krebs

11. Telegram 9050 From the Embassy in Argentina to the Department of State¹

Buenos Aires, December 13, 1973, 1921Z.

9050. Subject: Contingency Talking Points re Possible Visit to Buenos Aires by Secretary Kissinger. Ref: Buenos Aires 9049.

1. Summary: In light of speculation in the Argentine press concerning the possible visit to Argentina by Secretary Kissinger (reftel) the Embassy believes the following analysis would be helpful to the Department in developing an overall strategy aimed at maximizing the resulting gains should such a visit materialize. End summary.

2. First, Perón's "new diplomacy" has, as exemplified in his recent dealings with Uruguay and Paraguay, shown a tendency to place the achievement of some concrete result above the narrower issues his emissaries and predecessors had found to be sticking points. We should not underestimate Perón's personal and political needs and his ambitions to achieve some results befitting his concept of his proper position on the world stage. He very much wants public U.S. recognition that he is an important LA and Third World figure—recognition which, in the minds of most Argentines, a visit by the Secretary would imply. Perón would therefore likely be in an expansive mood during any visit by the Secretary and might be more forthcoming in helping to break the civil air impasse and in giving more categoric and effective assurances to US companies threatened by terrorists, especially if there were some US quid pro quo on the issue of Cuba trade (see below).

¹ Summary: Responding to speculation of a prospective visit by Kissinger to Argentina, the Embassy provided an analysis of key issues in U.S.-Argentine relations. The issues included Cuba, terrorism, investment, civil aviation, narcotics, and the environment.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 769, Country Files, Latin America, Argentina, 1 September 1971–31 December 1973. Confidential; Exdis. Kissinger did not visit Argentina.

3. There is an obvious pitfall. The Argentines would doubtless wish to interpret a visit by the Secretary as conferring upon them and their leader the role of principal Latin American spokesman vis-à-vis the US. We must avoid giving any such impression to the other Latin Americans, while at the same time signaling to the Argentines that we do indeed regard them as a key nation. It should not be too difficult to accomplish this, especially should a visit by the Secretary to Argentina be the first stop of a broader Latin American tour including, say, Brazil, Colombia, and of course, Mexico. The language of the final communiqué could also be useful in this regard. It might, for example, refer to the upcoming meeting of Foreign Ministers in Mexico, reemphasize the US commitment to achieving a new relationship with LA as a whole, stress the importance we attach to our own relations with Argentina, and then conclude by noting Argentina's important role within the hemisphere.

4. In selecting objectives for a possible visit by the Secretary, the issues mentioned by Kahn do indeed encompass most of our current bilateral problems and opportunities. In the former category, the US legislation which provides for sanctions against countries that trade with Cuba looms as a potentially large barrier to improving our relations. Argentina is committed, as a matter of high national priority, to expanding its exports of manufactured goods. The GOA's attempt to enlarge its share of the market in Cuba is a part of that effort. US sanctions will not deter the GOA from carrying out its Cuba policy though their application by the US may succeed in embittering our relations.

5. The sanctions for such trade under present legislation are: a) denial of bunkering facilities to Argentine ships in the Cuba trade; and b) the termination of military assistance and probably closing down of our military mission and the ending of our housing guarantee program. In the first case, the sanction will not prevent Argentine ships from trading with Cuba, but will open US shipping interests to painful retaliation. The latter two "aid" programs are examples of projects that benefit the giver, the US, in terms of information, contacts and influence, as much or more than the recipient. Indeed, the Embassy is presently trying to devise means of maintaining its ties with the Argentine Armed Forces in the event they ask us to leave. To leave as the result of what all Argentines, and especially the military, will perceive as a US attempt to thwart a legitimate national aspiration can only gain us the lasting ill will of this key Argentine sector. In sum, while the Embassy realizes that US Cuba policy cannot be determined by its effects on Argentina, and that present legislative restrictions cannot be quickly changed, we urge that, because of the adverse consequences of this issue for our relations with Argentina, some means of avoiding a confrontation on

this matter be explored on an urgent basis and that the Secretary be in a position to be reasonably forthcoming on this question—i.e. that he at least be able to tell the Argentines that the USG will view favorably any requests for waivers by subsidiaries of US firms.

6. On the issues of terrorism and investment, the visit of the Secretary will come at a time when both the GOA and the Argentine public have been forced to face several unpleasant realities after Swint was killed, Samuelson kidnapped, and Ford and other companies decided to evacuate their executives and perhaps close down in Argentina. First, it must now be obvious to both that the terrorists can, if allowed to go unchecked, virtually end hopes for foreign investment, and with it, Argentine hopes to end economic stagnation. Secondly, Perón, who was in large part motivated to improve his US ties for economic reasons, apparently now realizes that he cannot, even at the risk of splits in his movement, maintain his present leisurely political efforts to isolate the terrorists.

7. In this situation, a visit by the Secretary poses both opportunities and some modest risks. On the positive side, we should suggest that Perón, as a minimum earnest of good faith, make a public statement acknowledging the fact that foreign investment, so long as it obeys national law, has a positive role to play in Argentine development and condemning acts which tend to discourage it. It might, for domestic Argentine reasons, be preferable to have statement made by Perón before the Secretary's trip. Even if Argentines take this step, the Secretary should stress to Perón that until GOA anti-terrorist efforts are successful USG willingness to transmit its positive view of Argentina to US investors will be of little value. On the other hand, the Secretary can safely point out that if settled conditions for foreign investors do prevail the self-interest of US investors in participating in Argentina's future growth will quickly become a positive factor in the country's development.

8. On the less politically charged issue of civil aviation, the Secretary should not be put in the position of having to discuss the details—or even get into the substance of the matter. However, he should be prepared to ask Perón to include a statement in a final communiqué stating both sides have agreed to instruct their negotiators to reach a quick and mutually satisfactory solution to the problem. Such a declaration, coupled with the GOA economic self-interest in reaching an agreement, might facilitate an early solution to the problem.

9. To deal with the GOA's (and our) concerns on trade, we recommend that the Secretary: (1) note the fact that the US is Argentina's best and fastest growing market for industrial products, and (2) express our hope that our bilateral trade be balanced by further increases in Argentine exports to the US rather than by further decreasing the US share of the Argentine markets.

10. In the area of narcotics the GOA has, in spite of some loss of momentum at the policy level, maintained good cooperation at the enforcement level. It would be helpful if the Secretary could express his thanks for the GOA's past cooperation and voice our readiness to increase our collaboration in this area of mutual concern.

11. Because of Perón's repeatedly expressed interest in human environment and natural resources, but even more because of the GOA's current dispute with Brazil over development of hydroelectric potential of the Parana River, Perón may well raise the subject of ecological basis for this dispute, and in this context, US abstention in the UN vote on an Argentine resolution on this subject. The GOA has used the ecology issue to try to achieve its bilateral policy objectives vis-à-vis Brazil. The US position, which the Secretary might wish to stress, if the subject is raised, is that while we fully support the GOA position on the ecological principle involved, we have refrained from taking a position of support because we did not wish to take sides on an issue between two close friends.

Krebs

12. Memorandum From the President's Assistant for National Security Affairs (Kissinger) to President Nixon¹

Washington, January 29, 1974.

SUBJECT

Argentina and Our Cuban Denial Policy

Last year the Argentine Government reestablished diplomatic relations with Cuba and extended to Cuba a \$200 million credit for the

¹ Summary: Kissinger informed the President that U.S. companies operating in Argentina were facing increasing pressure from the Argentine Government to sell goods to Cuba, despite U.S. sanctions policy. Kissinger recommended that sales to Cuba by U.S. firms in Argentina be authorized on a case-by-case basis.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1338, Unfiled Material, 1974. Confidential. Sent for action. Shultz and Flanigan concurred. Nixon approved the recommendation. A typed notation next to the "Disapprove" option reads: "PREFER." On a March 14 memorandum from Kissinger and Shultz to Nixon, the President disapproved a recommendation that a license be granted to allow a Canadian subsidiary of a U.S. company to export locomotives to Cuba. (*Foreign Relations*, 1969–1976, vol. E–11, Part 1, Documents on Mexico, Cuba, and the Caribbean, 1973–1976, Document 279)

purchase of Argentine industrial products. US subsidiaries operating in Argentina are now caught in a squeeze between the Argentine Government's insistence that they sell Argentine-made products to Cuba and our Cuban denial regulations. A Cuban purchasing mission visited Argentina and requested price and availability data from at least six US firms. Cuba has subsequently made Chrysler a firm purchase order for 3,000 automobiles per year for three years. If the US firms refuse to sell to Cuba, they may be declared in contravention of Argentine laws and face serious acts of retaliation by the Argentine government that could put them out of business. If, however, the companies agree to sell to Cuba, they will violate our Cuban control regulations.

The Cuban-Argentine agreement provides that goods purchased will be transported by both Cuban and Argentine vessels on a cargo-sharing arrangement. Under provisions of the US Foreign Assistance Act, the participation of Argentine vessels in the trade with Cuba would make Argentina ineligible to receive grant military training (about \$500,000 yearly) as well as future housing guaranty loans. You have the authority to waive this ineligibility but no such waiver has been exercised in the past. In addition, Argentine ships trading with Cuba could not bunker in the US or carry US Government cargoes.

To trade with Cuba, US companies must obtain a license from the Treasury Department. Very few licenses have been given in the past—none in Argentina. Chrysler, in order to accept the Cuban order, has applied to Treasury. We therefore need to decide very soon how to treat this issue in Argentina.

Our options are:

1. *Make no exceptions* to our Cuban denial policy—possibly subjecting US companies to strong Argentine retaliatory measures and straining US-Argentine relations.

2. *Make full exceptions for Argentina* by granting a Presidential Waiver on military and economic assistance and by licensing Argentine ships and US companies in Argentina engaged in the Argentine-Cuban trade. This would undermine the effectiveness of our Cuban denial policy and possibly encourage other members of the Organization of American States to increase efforts to end the multilateral restrictions toward Cuba.

3. *Grant no waivers* on military and economic assistance but *issue licenses to US firms* in Argentina on a case-by-case basis if they can demonstrate they face serious Argentine retaliation or possible closure from failure to sell to Cuba.

4. Modify or *ease our entire Cuban denial policy* in its multilateral-OAS aspects and thereby automatically remove the problem with Argentina.

I believe the third option best serves our overall interests. It would hold firm on the broad range of Cuban denial measures with modifica-

tion only in the granting of a few licenses to US companies which can clearly demonstrate that failure to follow Argentine requirements to sell to Cuba would expose them to serious retaliatory action. We would continue to reaffirm our Cuba policy and to maintain pressure on US companies and other governments to hold the present line with us. Treasury and Commerce, who have responsibility for administering the Cuban denial measures, agree that Option 3 is the wisest course.

Recommendation

That you approve Option 3 (grant no waivers of the provisions of our Cuban denial policy on military and economic assistance for Argentina but approve issuing licenses to US firms in Argentina on a case-by-case basis if they can demonstrate they face serious Argentine retaliation if they refuse to sell to Cuba).

13. National Intelligence Estimate 91–74¹

Washington, January 31, 1974.

PROSPECTS FOR ARGENTINA

PRÉCIS

Perón has thus far held to a moderate course in both domestic and international affairs, but if he lives this is likely (60–80 percent chance) to change over time.

—Perón will not be able to maintain discipline or unity within his disparate constituency.

¹ Summary: The Estimate assessed Argentina's prospects in light of domestic politics, U.S.-Argentine relations, and Perón's failing health.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 362, Subject Files, National Intelligence Estimates. Secret; *[handling restriction not declassified]*. According to a note on the cover sheet, the Estimate was prepared by the CIA and the intelligence organizations of the Departments of State, Defense, Treasury, and *[text not declassified]*. All members of the U.S. Intelligence Board concurred in the Estimate with the exception of the representative of the FBI, who abstained because the subject was outside his jurisdiction.

—His economic policies have conflicting objectives and are unlikely to produce the desired results, despite some initial successes.

—He does not have the assets to win in competition with Brazil for regional preeminence or to make a successful bid for leadership in the "Third World."

—In frustration, Perón is likely to shift to the demagogic "solutions" reminiscent of his first presidency and to tactics which will exacerbate the divisions within Argentina.

—Domestic political considerations, his own pretensions, and his basic antipathy to the US will almost inevitably introduce frictions into US-Argentine relations.

Personal and financial risk to US investors in Argentina will remain high over the foreseeable future.

—The terrorist problem is not likely to be brought under control any time soon and security hazards for foreign businessmen will continue.

—Perón's somewhat xenophobic nationalism, the conflict between his populism and the requirements of Argentine development, and his overall inconsistency present the prospect that the government will turn anti-business despite Perón's desire for capital investment.

The state of Perón's health makes it very unlikely that he will survive his term. Should he die in office, no successor will be able to hold his coalition together.

—As things now stand, chances are better than even that there would be a constitutional transfer of power to the vice president.

—The odds are lower, but still substantial, for an unconstitutional transfer of power to an interim government dominated or strongly influenced by the military.

—Less likely, but still a possibility, is a temporary period of turbulence, political confusion, and probably violence followed by a government that the military would have the primary role in establishing.

The Central Intelligence Agency and the Department of State, with the Assistant Chief of Staff for Intelligence, Department of the Army sharing their view, do not agree with the judgments that Perón is *likely* over time "to shift to the demagogic 'solutions' reminiscent of his first presidency," or that he "will almost inevitably introduce frictions into US-Argentine relations." While such outcomes are *possible*, Perón's record since his return to Argentina last June does not support the judgments that they are "likely" or "almost inevitable." The Central Intelligence Agency and the Department of State estimate that the emerging national consensus being fostered by Perón's essentially moderate policies, reinforced by the general belief in Argentina that all alternatives to him are unworkable, gives him a slightly better than even chance of holding to his present course. The Assistant Chief of Staff for Intelligence, Department of the Army believes that the odds are only about 40 percent that he will be able to do so.



President Juan Domingo Perón
THE ESTIMATE

1. Now that he has returned to power, Juan Perón's first tasks are to restore domestic prosperity and to heal bitter political and social divisions. This will be no easy task for an ailing man who is nearly 80. Straddling the rifts within his own fractionalized entourage, containing the terrorist problem, developing a sensible economic program, and creating an effective political consensus will severely test Perón's political talents and his physical energies.

2. Argentina is asking of the aging Perón what no leader has achieved in 40 years: to make the country fulfill its potential. Argentines know that their country, with its riches in natural and human resources, should be booming industrially and that its vast fertile land should be a major source of food for the world. Instead, recurring political crises and economic mismanagement have slowed its development, though even these failures have not substantially altered the comfortable life style available to most of its citizens.

I. Political Strengths and Weaknesses

3. Perón begins with more political assets than any government in recent Argentine history. His support is broader than any leader has known since his heyday a generation ago. Throughout the nation's history the population has denied broad support to elected leaders and

offered resistance to authoritarian strong men. This has contributed to the lag in the development of political institutions. National chagrin at failure to be great has replaced the pride and exuberance of the boom years early in the century. Argentina's current gamble that Perón—despite the legacy of corruption and bankruptcy left from his first reign—can turn aspirations to reality gives the incumbent government an important psychological advantage so notably lacking in the recent past.

4. The Peronist movement that returned to power in 1973 is much more broadly based than the one that first elected Perón in 1946. From its quasi-fascist origins it has spread to encompass a broad spectrum of political ideologies and class interests. In addition to the trade union base that Perón created and used as his first springboard to power, the movement now includes many young supporters attracted by his nationalistic appeal and the revolutionary populism he advocated in exile. Peronism also has been embraced by substantial numbers from the middle class, as well as businessmen, professionals, and some of the intelligentsia. Despite the anti-Semitic overtones of Perón's policies during the 1940s, a large segment of the financially important Jewish community also supports Perón. While urban labor is the mainstay of the movement, provincial support has been a key factor in Perón's personal strength.

5. Also working in Perón's favor is the realistic attitude adopted by the military forces. After dominating politics since Perón's ouster in 1955, they have retreated to the barracks—at least for the moment. They are disillusioned with their own record of failure in governing and acutely aware of widespread public contempt for their leadership. Retirement of numerous senior officers has reduced anti-Peronist attitudes and the new crop of leaders, while not apolitical, are persuaded that the military should concentrate on its professional concerns. Mindful of the need to regain public acceptance, the military are unwilling to interfere with a legitimate government without extreme provocation.

6. Like the military, opposition parties have adjusted to the realities of Perón's landslide victory. Peronists control the national congress and all but one or two provincial governments, leaving other parties only marginal opportunities to make an impact, even if they could work together. In addition, Perón's appeals for national unity have cut into potential support for non-Peronists. The major opposition group—the Radicals—has cooperated to some extent with the Peronists in congress.

7. Despite the factors working in his favor, Perón has his problems, many of them within his own movement. During Cámpora's brief tenure as president, leftists gained an ascendancy within the Peronist movement that threatened the politically more moderate trade union

base. This trend, combined with a spread of civil disorder and leftist-inspired violence, goaded Perón into cracking down harshly on some of his “Marxist” supporters. This shift to the right intensified the level of struggle between opposing ideological factions to the point of open warfare between so-called orthodox Peronists—conservative old guard labor leaders—and youth and labor groups of leftist persuasion. It also surfaced dissatisfaction with Perón’s policies. While many left-wing adherents still cling to a hope that Perón will eventually move to the left, their disillusionment and sense of alienation are growing.

8. The prospect of chaos in the event of a full-fledged confrontation among Peronists has not been lost on the extreme left. Marxist terrorists are intensifying their campaign of kidnapping, assassination, and bombings in hopes of creating just such a situation. Perón’s problem will be to isolate and subdue the extremists without alienating his own supporters of the moderate left. Clandestine para-military commandos have been organized and equipped by the federal police to take extra-legal action against left-wing terrorists. The armed forces, except for providing intelligence support, have avoided involvement in counter-terrorism, fearing that it would further erode their image. Abstention over the longer run, however, may prove difficult, if repressive action by security forces provokes an escalating round of violence that the government is unable to control.

9. Since his inauguration in September, Perón has discovered that consolidating his personal authority over the Peronist movement is more difficult now that he is on the scene. In exile and out of power, he could more easily play off one faction against another and shift to others the responsibility for making certain decisions. As president, he will be held ultimately accountable. It will be much harder to please all the diverse elements in his coalition, and as Perón begins to make hard decisions, the likelihood increases that he will alienate one or another group of his supporters.

The principal view of likely developments, endorsed by the Director of Central Intelligence, is contained in the two following paragraphs.²

10. So far Perón has practiced conciliatory politics and has pursued essentially moderate policies, but the nettlesome problems his government faces and the character of Perón himself give little promise that this will continue for long. Many who remember the earlier Peronist era believe that Perón will eventually revert to his old tactics. And they are probably right, given his instinct for Byzantine maneuver and

² This view is held by the Defense Intelligence Agency, the [less than 1 line not declassified], and the Department of the Treasury, and is shared by the Director of Naval Intelligence, Department of the Navy, and the Assistant Chief of Staff, Intelligence, Department of the Air Force. [Footnote in the original.]

for political chicanery and deception. As he acts to keep his opponents and even his supporters off balance, he is likely to exacerbate differences within the turbulent Argentine community and to renew old suspicions and animosities. With the consequent erosion of the consensus that greeted his return, Perón would not hesitate to turn on his critics and erstwhile friends.

11. Little in Perón's style of operating promises effective movement against the difficult problems of contemporary Argentina. If he finds himself unable to quash the terrorist threat or achieve successes in remedying the economic situation, he will probably resort to the demagogic "solutions" he tried before, at the expense of stability and growth.³ With few real solutions in sight, some such turnaround is probable (60–80 percent chance). But tactics that served in the 1940s and 1950s will not help Perón now. He no longer has the resources necessary for grandiose programs, and the more sophisticated political blocs of the 1970s are not so vulnerable to the kind of cynical power-brokering he used in the past. Under these circumstances, it cannot be excluded that he would first turn to the US for economic assistance. He would have to weigh a request carefully, however, because many of his more nationalistic supporters would find an approach to the US difficult to accept.

Another view of likely developments is contained in the two following paragraphs.⁴

10a. So far Perón has practiced conciliatory politics and has pursued essentially moderate policies. This is contributing to the evolution of a new national consensus, which is Perón's most significant accomplishment and the key to the eventual solution of Argentina's basic problems. The consensus, however, is still extremely fragile.

11a. Perón's ability to continue his moderate approach will depend largely on how well he copes with serious problems flowing from the internal security situation and the economy. The degree to which he is successful in handling these problems will determine the continuing viability of his coalition. A serious weakening of the coalition would tempt him to resort to populist solutions at the expense of stability

³ The Department of the Treasury would add that while Perón appears likely to make a number of decisions which will aggravate Argentina's economic problems, there are sufficient underlying elements of strength in the economy that whatever damage accrues could probably be cushioned in the near term by temporizing measures. The Department of the Treasury considers that personal, political, and security factors probably will be more important than economic pressures in determining whether Perón again resorts to demagogic actions. [Footnote in the original.]

⁴ This view is held by the Central Intelligence Agency and the Department of State and is shared by the Assistant Chief of Staff for Intelligence, Department of the Army. [Footnote in the original.]

and growth. He will certainly use many of the political tactics and stratagems he acquired during his first administration to attempt to maintain his coalition and move Argentina ahead, but these need not exacerbate existing differences. He will be aided in his efforts by the general belief in Argentina that there are no workable alternatives to him, that his uncertain health allows the body politic but limited time to strengthen the evolving consensus, and by the fact that popular hopes are pinned on his efforts. The Central Intelligence Agency and the Department of State estimate that Perón's chances of maintaining his coalition, continuing on a moderate course, and moving Argentina ahead are slightly better than even. The Assistant Chief of Staff for Intelligence, Department of Army, believes the odds are only about 40 percent that he can do so.

II. *Domestic and Foreign Policies*

12. Perón has ambitious goals for at home and abroad, some of which he lacks the means to attain. His aspirations in the international sphere are more likely to be frustrated than fulfilled, but he retains a capability to make things difficult for the US on specific issues. Some of his domestic policies, notably in the economic field, seem likely to damage both the economy and foreign investors in Argentina.

13. Peronist economic policies are directed at the short run objective of economic stabilization and long run goals of economic development and redistribution of income in favor of wage earners. The relevant programs are being carried out under an economic philosophy which emphasizes state intervention and economic nationalism. The objectives of the programs tend to conflict, however. The social programs require outlays which are inflationary and divert resources from industrial development projects, while the subsequent economic and political atmosphere discourages those with the funds and skills that Argentina lacks.

14. The Peronists did succeed in achieving some economic successes in 1973. When they assumed power in May, the country was in the midst of its worst inflation in 30 years. The cost of living had risen by 56 percent in 1972 and at an annual rate of about 95 percent during the first five months of 1973. The Cámpora government quickly clamped a freeze on prices, and limited wage increases. During the following five months, the cost of living changed less than 1 percent and the total increase for the year was about 45 percent. Real gross domestic product (GDP) registered a 4 to 5 percent increase in 1973, led by a dramatic improvement in grain production and exports. The trade surplus was around \$870 million, and the balance-of-payments surplus was around \$670 million. Gross foreign exchange reserves more than doubled to nearly \$1.5 billion, as a result of a sharp growth in short term credits.

15. If present economic policies are continued, the outlook for 1974 and beyond is less rosy. In 1974 GDP could be about as great as in 1973, but the economy will see lowered corporate profits, reduced private investment, domestic and foreign, and some shortages of goods and renewed inflation. By 1975, these policies are likely to produce economic stagnation, lowered real incomes, inflation and shortages, and problems with the balance-of-payments. Although wage and price controls have halted the price spiral, inflationary pressures are mounting; the volume of money in circulation more than doubled in 1973, public spending continues to outstrip revenues at an alarming rate, and the budget deficit in 1974 is expected to exceed the 8 percent of GDP registered in 1973. Large scale social welfare programs, such as the two year, \$1.3 billion public housing program announced in July, will increase the deficit and divert needed funds to relatively unproductive endeavors. While recent tax reforms may reduce tax evasion, government revenues are not likely to increase since the major thrust of legislative efforts is the redistribution of income through shifts in the tax burden.

16. Argentina's financial resources—both domestic and foreign—will be strained to the breaking point if Perón makes a serious effort to complete his overly ambitious three-year development plan. The plan calls for more than 10 billion dollars in public sector investment by 1977 in a variety of projects. Despite Peronist assertions that international financial institutions will in 1974 provide some \$800 million in development assistance, Argentina will probably receive less than \$200 million during the year. Argentina already has a public external debt of about \$3.2 billion, which requires service payments in excess of \$2.2 billion in the three years 1973 through 1975.

17. The state's takeover of foreign trade in grain and meat is likely to worsen Argentina's economic difficulties. This action, combined with domestic price controls, has discouraged production of these items, the source of some 80 percent of Argentina's foreign exchange earnings. For these reasons and because of poor weather, wheat plantings for 1973/1974 are down nearly 25 percent and wheat exports from the crop are expected to be only 1 million tons, as compared with 3.2 million tons from the 1972/1973 crop. The government also has had difficulty in assuring domestic supplies of beef—despite record herds—because controlled prices have deterred suppliers from slaughtering their cattle.

18. The clouded economic outlook, political uncertainty, and domestic terrorism have adversely affected the investment climate. At stake is some \$3 billion in foreign direct investment, of which \$1.4 billion is from the US. Buenos Aires recently passed legislation restricting to 12.5 percent per year the amount of profit which can be remitted abroad. The law also discriminates against "foreign" (51 percent foreign equity) and "mixed" (20 percent to 50 percent foreign equity) compa-

nies vis-à-vis “national” companies (less than 20 percent foreign equity). Although apparently watered down at Perón’s behest, the legislation still inhibits new investment from abroad. Congressional moves against ITT subsidiaries and the “renationalization” of foreign bank holdings acquired after 1966 are other deterrents. Perón’s aggressive export promotion will also create problems. As a result of credits granted Castro’s government (\$200 million per year over a six-year period), US subsidiaries have been pressed to export manufactured goods to Cuba, which would be in violation of US laws. If US firms refuse to engage in such trade, there would be reprisals against them and charges of US interference in Argentina’s affairs.

19. One of the driving forces of Perón’s policy since the early 1950s has been a keen desire to propel himself—and Argentina—onto the world stage as a spokesman for Latin America and the non-aligned. This hunger for international prestige and hemispheric leadership is shared by the major opposition groups and by the overwhelming majority of the populace. They also share in the attitude of cultural superiority toward Argentina’s neighbors and a European outlook that underlies its yearnings for an extra-continental role. Sensibilities have been rubbed raw in recent years as evidence of Argentina’s own shortcomings has grown and as its giant rival, Brazil, has surged ahead economically. Thus, Perón’s assertive role in pursuit of national greatness finds widespread welcome at home. It also diverts attention from domestic problems.

20. In the hemisphere, Perón is engaged in an effort to capture the leadership of the Spanish-speaking nations. He will find this difficult, because Argentina’s failures undermine the credibility of such an effort, and because many of the Spanish-speaking countries have little sense of kinship with an Argentina they consider to be arrogant and European. He can be expected to do what he can to undermine the preeminence of Brazil and to lessen its influence in the hemisphere—but this is a game he is sure to lose. In the states between Argentina and Brazil, where the two countries have traditionally vied for influence, Perón will use both economic and political devices to try to improve Argentina’s position. But prospects of weaning these nations away from the Brazilian orbit are marginal in the face of Brazil’s greater economic and political power. Even in Chile, where Perón had a good chance to increase Argentine influence with the new military junta, he has thus far been outdone by Brazil in terms of economic aid and military assistance.

The principal view of developments in US-Argentine relations, endorsed by the Director of Central Intelligence, is contained in the following paragraph.⁵

⁵ This view is held by the Defense Intelligence Agency, the [less than 1 line not declassified], and the Department of the Treasury, and is shared by the Director of Naval Intelligence, Department of the Navy, and the Assistant Chief of Staff, Intelligence, Department of the Air Force. [Footnote in the original.]

21. An amicable relationship with the US serves some of Perón's purposes—to drive a wedge between Washington and Brasília and to attract US and other foreign capital, for example. Nonetheless, domestic political considerations, his own pretensions, and his basic antipathy toward the US will cause Perón to oppose this country on a number of international issues and will almost inevitably introduce frictions into US-Argentine relations. On broad international issues, such as the law of the sea and the "obligations" of the advanced nations toward the less developed, he will take an anti-US line. To the extent that he can, however, he will display his independence more in the measured style of Mexico than in the hostile manner of Peru.

Another view of developments in US-Argentine relations is contained in the following paragraph.⁶

21a. Perón's determination to promote Argentine interests has led him to seek amicable relations with the US. He would, among other things, hope to use such relations in his efforts to foster Argentine development, counter the influence of Brazil, and to achieve a leadership role in Latin America generally. However, domestic political considerations and differing foreign policy goals will cause him to oppose the US on specific issues. To the extent feasible, he will show his independence from the US in a measured rather than a hostile manner.

III. *Argentina after Perón*

22. Perón's precarious health focuses attention on the succession problem. He has a history of recent heart attacks, coronary insufficiency, an apparently low-grade malignancy of the prostate, and other medical disorders. The following paragraphs outline three broad courses of development in the event of his death or incapacitation: a by-the-book succession of the vice president; a non-constitutional transfer of power to an interim government; a period of turbulence. At this time, chances of a *constitutional succession* appear better than even, but the odds could shift fairly rapidly in favor of an *unconstitutional takeover*. A period of *acute instability* is considerably less likely, yet it cannot be ruled out.

⁶ This view is held by the Central Intelligence Agency and the Department of State and is shared by the Assistant Chief of Staff for Intelligence, Department of the Army. [Footnote in the original.]



Vice President Isabel Martínez Perón

23. *Constitutional: Vice President Perón moves into the Presidency.* With seven years of unpopular military rule recently ended, legal succession will have a special force of its own. Unless Perón's popularity has largely vanished at the time of his death or incapacitation, Mrs. Perón's accession to the presidency will appeal to several significant power blocs. This would be the smoothest transfer for the *Peronists*; to go further down the line of succession would require the scheduling of an election within 30 days—a contest which the movement could ill afford without the unifying presence of Perón. Mrs. Perón and her closest associates are linked with the conservative wing of the movement, and she can probably count on the support, at least initially, of the largest Peronist sector, and can lean on the advice and guidance of Perón's key advisors. Significantly, [*less than 1 line not declassified*] that the *military* would accept her succession. The armed forces, not anxious for renewed political responsibility and recognizing that popular sentiment is strongly against them, prefer a position of influence behind a civilian president. Major *opposition parties and business interests* would accept, and perhaps even support, such a moderate Peronist-military alliance as the forces for legitimacy and stability lined up against the violence-prone leftist blocs.

24. *Unconstitutional Takeover: A Caretaker Government.* If the Peronist popularity has seriously eroded, or if infighting among the Peronists

has weakened the moderates' ability to dominate the movement, resistance to continued Peronist rule could rule out a constitutional succession. In these circumstances, the armed forces would probably form a junta until the political situation calmed enough to permit elections or establish an interim government in alliance with civilian groups—possibly with Peronist moderates and the Radical Party. In either case the rationale would be to maintain order through the uneasy period sure to follow Perón's departure. Lacking a real popular base, a caretaker administration would have an even more difficult time than would Mrs. Perón in exercising control without resort to harsh repressive measures. Return to institutional forms would be some time off.

25. *A Period of Turbulence.* In this case, the inability of any political party to assert authority and indecision by the military would prevent a smooth succession. A period of political confusion and probably violence would ensue as various elements vied for control. The political vacuum would be of limited duration, though just how long it would take for the situation to sort itself out would depend on many variables, such as the personalities involved, the determination or desperation of the contending forces, and public reaction. *How* things would sort out is also unpredictable; but it is reasonably clear that the military would have the primary role in establishing the government that evolved.

26. None of the alternative lines of development provides an inherently stable situation. Both the constitutional and unconstitutional successions are essentially "establishment" solutions that will be opposed violently by the radical left. With Perón gone, no Peronist leader will be able to hold together the clear majority he was able to garner, and a breakup of the coalition seems all but certain. Thus, Perón's death will call into play all the shortcomings of Argentina's multiparty system. Moreover, neither the political parties nor the military are likely to provide a leader with the stature and charisma to command broad respect. Even if an alliance of the forces of moderation can control violence and achieve an orderly succession, the likelihood is that the divisiveness that has retarded Argentina's development for decades will continue to thwart solution of the country's basic problems.

14. Telegram 1100 From the Embassy in Argentina to the Embassy in Brazil¹

Buenos Aires, February 11, 1974, 2010Z.

1100. Brasilia for ARA Asst Secy Kubisch from Krebs. Subject: Kubisch/Vignes MemCon: Cuban Denial Policy.

1. Summary. Asst Secretary Kubisch told FonMin Vignes that potential sales by Argentine subsidiaries of US firms to Cuba has raised very serious problem for USG. He asked Vignes whether, in light of foregoing, GOA might be disposed to consider alternative procedures in order to prevent this problem from doing damage to our overall bilateral relations at a time when latter are entering new and promising phase. Vignes said GOA problem is that firms are located in Argentina and operate under Argentine law and GOA cannot allow either home governments or company headquarters to dictate policy. He agreed on desirability of exploring other possibilities and said that matter could have been resolved much more easily if it were not for extensive publicity to date. End summary.

2. Meeting took place 12:30–1:30 Feb 11 in FonMin Vignes' office. Beside Kubisch and Vignes, participating were Argentine Undersecretary Foreign Affairs Carasales, Ambassador Hill, Minister Krebs and Mr Eaton.

3. At close of discussion on possible change in USG posture regarding Cuba and how that subject might be treated at FonMins meeting in Mexico, Kubisch recalled that nearly 10 months have elapsed since Argentina re-established relations with Cuba and asked Vignes how relations developing. Vignes replied "very well", that Cuban representatives behaving and Cuba is a good trade partner because it pays promptly. Kubisch asked how Cubans were paying. Vignes said that GOA believes it can discount credit documents in Switzerland. Vignes went on to describe credit line as totalling \$1200 million at \$200 million per year exclusively for purchases of specified classes of Argentine manufactured goods, principally vehicles, tractors, heavy equipment.

4. Kubisch said the possible participation in this trade by US subsidiaries located in Argentina raises very serious problem for USG, not only in that it would establish a precedent for other countries but in

¹ Summary: In a meeting with Vignes, Kubisch noted that possible sales to Cuba by U.S. firms in Argentina had created a problem for the U.S. Government and wondered if the Argentine Government might consider alternative policies.

Source: National Archives, RG 59, Central Foreign Policy File, [no film number]. Confidential; Immediate. Kubisch traveled to Brasília after his February 10–11 stop in Buenos Aires. Repeated to the Department.

that it would affect our compliance with OAS sanctions and would jeopardize the stand we have taken throughout the world. To Vignes' observation that Canadians are selling to Cuba, Kubisch replied these are wholly Canadian firms. Vignes countered that the firms involved here are established and operating under Argentine law.

5. Kubisch said if Argentina is determined to proceed with these sales, it will create a serious problem both for the US subsidiaries and for the USG. We would like to know whether Argentina intends to go ahead in the light of the foregoing and of the effect it would undoubtedly have on our bilateral relations at this juncture. Vignes said he had been told yesterday that there would be no problem for the firms and turned to Carasales, who nodded confirmation. (Comment. This may have referred to allegations appearing in local press, presumably based on so-called "inside information", to the effect that USG would grant waivers. End comment.)

6. Vignes went on to say that problem is much more serious for Argentina because it cannot allow each country or each company headquarters to dictate Argentine commercial policy. He cited Fiat case as an example; company headquarters had approached GOA seeking relief for local subsidiary on supplying Cuba as the company wished to have the Italian parent company do business with Cuba.

7. Kubisch asked whether there might be some alternative procedure, such as arranging the sale through "third party". Vignes replied "this will have to work itself out. We cannot allow this issue to become an element of discord". At the same time he stated firmly that Argentina must be in position to set its own commercial policy and he asked if Kubisch could agree with this formulation. Kubisch concurred that the firms involved are Argentine firms and that we would hope to explore other possibilities and that we too wished to avoid having this damage US/Argentine relations.

8. Concluding the discussion, Vignes observed that the whole matter could have been resolved a great deal more easily except for the fact that it has been extensively publicized over these past months.

Hill

15. Transcript of a Telephone Conversation Between President Nixon and Secretary of State Kissinger¹

Washington, April 17, 1974, 8:28 p.m.

K: Mr. President.

N: Yes, hi.

K: I'm sorry to disturb you. We have one matter with this Latin American meeting and the one that's happening at the OAS. As you know, there are a number of American subsidiaries in Argentina and the Argentines have passed a law according to which if they don't sell to Cuba they're going to be nationalized.

N: I see.

K: And you had already approved in February that under those conditions we can make a special exception and we can't really take the position that American companies in Argentina cannot obey Argentine law. If you had approved that and I held up the implementation of it because the Brazilian government at that time was changing and they had some doubts about it, now the Brazilian Government has come to us and have indicated that they favor our going ahead and if we could go ahead within the next day on this then Argentina would not introduce a resolution in Atlanta which would have the effect of lifting the sanctions altogether throughout the Western Hemisphere.

N: It's a dead loser as far as anything here is concerned to indicate any backing down in regard to _____ it will raise a hell of a storm.

K: Well, we're not backing down with Cuba. The position we're taking—we're not lifting any. . . .

N: Well just don't make any announcement on it, just do it.

K: OK.

N: Just do it very very very quietly. Don't make a big thing out of it.

¹ Summary: Nixon asked Kissinger to implement, in a low-key way, the licensing of U.S. firms in Argentina selling goods to Cuba.

Source: Department of State, FOIA Electronic Reading Room, Kissinger Transcripts. Unclassified. Nixon's decision to authorize sales to Cuba by U.S. firms in Argentina is recorded in Document 12. In a February 20 meeting with Vignes, Kissinger stated that U.S.-Cuban relations must be "kept apart" from overall hemispheric relations, "otherwise both problems would be more difficult to solve." (Telegram 1632 from Mexico, February 22; National Archives, RG 59, Central Foreign Policy File, [no film number]) In a February 22 memorandum to the President, Scowcroft stated that Kissinger had reported from the Tlatelolco Conference of Foreign Ministers in Mexico City that "Argentina is moving in our direction on every issue but Cuba; on that one we will continue to have trouble." (Memorandum from Scowcroft to Nixon, February 22; Ford Library, National Security Adviser, Scowcroft Daily Work Files, 1974–1977, Box 6, 2/19–28/74)

K: No, we wouldn't announce it, we'd just let the Argentines do it in a low key way.

N: Alright, fine. OK, Henry.

K: Right, Mr. President.

16. Telegram 87526 From the Department of State to the Embassy in Argentina¹

Washington, April 29, 1974, 2258Z.

87526. Subject: Secretary's Meeting With Foreign Minister Vignes.

1. The Secretary met with Foreign Minister Vignes on Tuesday, April 16, for approximately one hour. Other participants were Ambassador Orfila, Assistant Secretary Kubisch, Stephen Low of the NSC Staff and an interpreter. There follows summary of the discussion:

2. Cuba and the MFM—Vignes said Argentina seriously preoccupied by continuing isolation of Cuba. The situation presents a spectacle which is not in accord with international atmosphere of peaceful coexistence. There is a need for a solution. Vignes said he would raise Cuba in the MFM but would not propose a specific solution. Vignes said that he thought solution could be found without compromising the US. The Secretary responded by saying that organizing the MFM so soon after the Mexico meeting was a mistake. Vignes agreed. The Secretary said one right step would be to support the selection of Buenos Aires as the site for the next meeting. The Secretary then said that if friction developed over the Cuba question in Washington, US-Latin American relations would be set back substantially and the whole idea of periodic Foreign Ministers' meetings could be jeopardized. The Secretary said he thought that the MFM could set up working groups to prepare for the next meeting in B.A. and to proceed in the spirit of Tlatelolco. Vignes agreed and stressed his personal conviction of the importance of good relations between the US and Argentina.

3. Vignes said the Argentine people would not understand if he did not speak out clearly on Cuba. He said he thought he had

¹ Summary: In a meeting with Secretary Kissinger, Foreign Minister Vignes voiced his concern over the U.S. Government's policy toward Cuba.

Source: National Archives, RG 59, Central Foreign Policy File, P850027-1724. Confidential; Nodis. Drafted by Davis on April 26; cleared by Luers, Kubisch, Eagleburger, and Ortiz.

a formula which would give satisfaction to the US and to Argentina. He would state at the conference that the problem of Cuba is a problem for all the Latin American countries and he believed the Foreign Ministers should face it squarely. The Secretary asked if that was all he was going to say. Vignes said he intended to say much more but that the fundamental point was that he was not going to propose a specific solution. He would speak in general terms about coexistence and the need for a solution to the problem. He would then yield to Rabasa who would suggest that Cuba be invited to the next meeting. The Secretary asked what would happen then. Vignes said that he did not have a crystal ball but that this procedure would give everybody eight months and in that time the Secretary would be able to work out a solution. The Secretary said that if the meeting proceeded in a constructive way, if Cuba were the only controversial item, if there then were no clear cut resolution on Cuba, with only Mexico and Argentina speaking on the subject, then he thought we could live with it. He then asked if Vignes was going to make any other proposals on this subject at the OAS meeting. Vignes said he would not ask for the incorporation of Cuba in the OAS but he could not give assurances that the matter would not come up. He said if a vote on sanctions came up a two-thirds majority would be required. In that case the US could abstain, the vote would fall short and the Ministers would be rid of the problem. The Secretary then asked if Vignes was definitely planning on making this proposal if the subject came up and he responded in the affirmative. The Secretary said that such a move could not come at a worse possible moment. He said that he personally believed that relations with Cuba could be improved over time but that if the US is pressed into a rapid solution it would lead to an explosion. The Secretary said that we could live with some discussion in Washington but that bringing up Cuba in Atlanta would be too much. He told Vignes we were considering changing our position on OAS voting procedures but we could not do so if a vote on Cuba sanctions were to follow. This would give the appearance of collusion and would be an impossible move for us.

4. Vignes responded by saying that the Argentines were searching for a solution and that if Mexico would propose that Cuba be invited to the next conference this proposal would be accepted and that there would be no further argument. The Secretary said that we could not accept this and the best solution would be the one that gave us eight months time. Vignes said that he could not ask the countries to wait eight months and that the point he wanted to make was that all the nations should study the problem and search for a solution. The Secretary pointed out other countries such as Brazil, Chile, and Uruguay

would not agree with the Argentine approach and the US also could not agree. The Secretary pointed out that the US could not be put in a position of having a decision taken in Washington to invite Cuba to a Foreign Ministers' meeting. If it reached that point the US would simply have to say that it would not attend and would work to prevent it from happening. Vignes responded that he was not advocating a vote and that he wanted a decision without a vote. The Secretary said what the US could not have in Washington was a decision to invite Cuba even if that decision were arrived at by silence. Vignes said he understood and proposed that instead of Rabasa saying that he wanted to invite Cuba to the conference he would ask only for the formation of a working group. The Secretary said we could consider that though, of course, we couldn't support it. (Further discussion concerning MFM tactics and the timing of the Buenos Aires meeting followed. Vignes suggested March.) The Secretary then proposed that Vignes make his statement, Rabasa would then say he proposed to invite Cuba. The Secretary would then say that he thought that Vignes as the host for the next conference should consult with all the governments of the hemisphere about their views. The Secretary said that he would not oppose or support the proposal but that would, in itself, be a positive American approach. He would make our position clear and hope that before March 1975 some progress could be made.

5. The Secretary said he hoped that he would be able to visit Buenos Aires before that time. Vignes expressed pleasure and said he would so inform President Perón. The Secretary said that Vignes could count on his visit because an understanding between Argentina and the US can be the basis for Western Hemisphere policy.

6. Vignes then summarized his proposal on Cuba and the Secretary agreed that the Argentines should consult with the other countries about their views and ideas and the wisdom of inviting Cuba but that no vote would be asked for at the MFM. The Secretary then asked if this procedure would enable the subject to be avoided at the OAS. Vignes said he would have to touch on the matter but that he would say that Argentina had found a solution it considered viable. The Secretary then repeated that the US was considering the possibility of agreeing on a change in the voting procedure on sanctions. He reiterated that we would only be able to do this if there was no vote in Atlanta because we could not have it appear as if we were in collusion.

7. US subsidiaries—Vignes, near the end of the conversation, asked about the US subsidiaries and the question of automobile sales. The Secretary said he thought he could get a positive answer by Thursday, April 18. Vignes said he wanted to be able to have an answer before leaving Washington and that it would cover up the other aspects of

the Cuba matter entirely in the Argentine press. The Secretary said that if the Cuba question could be handled properly in Washington and Atlanta he could get a decision on the sales.

Rush

17. Memorandum From Stephen Low of the National Security Council Staff to the President's Deputy Assistant for National Security Affairs (Scowcroft)¹

Washington, June 10, 1974.

SUBJECT

President's Meeting with Ambassador Hill (Thursday, June 6)

You may be interested to know that the President and Ambassador Hill did discuss U.S.-Argentine relations in apparently some length when they met on Thursday, June 6.

Three subjects were discussed. The President asked about the possibility of a Perón visit, and Hill told him that it looked unlikely except possibly in connection with a U.N. visit in November. In regard to Embassy security, the President told Hill that he wanted all possible precautions taken to see that there were no kidnappings or personal harm to Embassy officials and that protection should be coordinated with the Argentine Government. Finally, the President indicated to Hill his strong objection to issuing any waiver to the Foreign Assistance

¹ Summary: Low reported that Nixon and Ambassador Hill discussed the possibility of a Perón visit to the United States and the security of Embassy personnel in Argentina. Nixon also expressed his strong objection to waiving a prohibition on assistance to countries with vessels engaged in trade with Cuba in order to permit a continuation of aid to Argentina.

Source: Ford Library, National Security Adviser, NSC Latin American Affairs Staff Files, 1974–1977, Box 11, President Ford—Appointments (1). Confidential. Sent for information. Hill was requesting a waiver of Section 620 (a) (3) of the Foreign Assistance Act of 1961 (75 Stat. 424), which prohibited assistance to countries that allowed their vessels to transport goods to or from Cuba. On a June 5 briefing memorandum from Kissinger to Nixon for his meeting with Hill, the President wrote, “K[issinger]—I have made a decision—no waiver—Bring me a decision on this immediately.” (National Archives, Nixon Presidential Materials, NSC Files, Box 769, Country Files, Latin America, Argentina, Vol. 3, January 1974–August 1974) In telegram 4196 from Buenos Aires, June 7, the Embassy warned the Department that a termination of assistance under Section 620 (a) (3) of the Foreign Assistance Act would undermine U.S.-Argentine relations and possibly hemispheric relations. (Ibid., RG 59, Central Foreign Policy File, D740145–0532)

Act to permit continuation of aid. He said there would be no change in our attitude towards Cuba during this Administration.

ARA officials are aware of the President's views in these three matters and will take them into consideration in their recommendations regarding our dilemma over the Foreign Assistance Act.

18. Memorandum No. 988/74 Prepared in the Central Intelligence Agency¹

Washington, July 2, 1974.

SUBJECT

Short-Term Prospects for Argentina

Mrs. Perón's tenure as president will depend on how long it takes Peronist and military leaders to work out a mutually acceptable solution to the succession problem. Since Perón's illness last fall, various right-wing Peronist leaders have been meeting clandestinely with both retired and active duty officers to discuss succession in the event of Perón's death or incapacitation. [3½ lines not declassified]

The military, which is still widely unpopular, prefers an orderly institutional succession. Major political leaders, Peronist and non-Peronist alike, agree. With the Peronist Movement likely to undergo a gradual disintegration, the military will have to play a key role in establishing whatever government eventually evolves. None of the service commanders is a particularly strong individual, and squabbles are likely to develop over what course of action to follow. The stakes are too great for a serious split in the unity of the military, however, and the high command probably will stick together.

¹ Summary: The Central Intelligence Agency provided an assessment of Argentina's short-term prospects following President Juan Perón's death. The Agency concluded that Perón's widow and successor was inexperienced and unpopular but that a new Presidential election would likely "have a traumatic effect on Argentine society."

Source: Central Intelligence Agency, Office of Support Services (DI), Job 85T00353R: Production Case Files (1974–1976), Box 1, Folder 7, [no folder title]. Secret; [handling restriction not declassified]. A note on the original reads: "This memorandum was prepared in the Office of Current Intelligence, Directorate of Intelligence, and coordinated with the Directorate of Operations." In telegram 4841 from Buenos Aires, June 29, the Embassy reported that Vice President María Estela (Isabel) Martínez de Perón had assumed power as Acting President. (National Archives, RG 59, Central Foreign Policy File, D740173–0514) Juan Perón died on July 1. Perón remained in office as President, and no new Presidential election was held.

One of the first problems may be to convince Maria Estela to stay in the job and thus avoid the election that otherwise would be mandatory. In the past she has expressed a reluctance to assume the presidency. She is not popular, and knows it. She recognizes her lack of experience and inability to contend with the country's grave problems. The fact that Perón on several recent occasions stated publicly that he had no "heir-apparent" suggested that Mrs. Perón had given up any illusions about succeeding him for more than a brief period.

Appeals to patriotic duty and her husband's memory will keep her in the job for the immediate future. Jose Lopez Rega, Perón's private secretary and confidant, will also advise her to retain the presidency. He is ambitious, and with Perón gone he will try to control Maria Estela. He is almost universally feared and detested by political and military leaders, who probably are already maneuvering for his ouster and exile. Without Perón's strong hand, confusion within the highest levels of government will grow as leaders such as Lopez Rega, and Minister of Economy Jose Ber Gelbard, contend for positions of power.

When Mrs. Perón decides that the burdens of state are too much for her, military leaders may attempt to persuade her to convoke a Council of State, representing all political parties except those of the extreme left. It would be a cumbersome entity and governing would be difficult. If she agreed to remain as titular head of such a policy organization, national elections could be postponed for some time. On the other hand, if Mrs. Perón steps down, her successor, Senate President Jose Allende, must within 30 days set a date for elections, according to the constitution. It is not clear how soon the election must be held.

Another presidential election would have a traumatic effect on Argentine society. It is unlikely that any single party candidate could receive the absolute majority of votes required by law to forestall a runoff contest. To form the alliances necessary to gain a majority in a runoff would require cooperation by political groups that in the past have been incapable of compromising their differences.

If Allende does become President, the military would probably try to persuade him to put off the actual election date as long as possible in the hope that candidates could be agreed on. It is unlikely that Allende himself would be a leading contender since his Christian Democratic Party is small and he lacks any other political following. The chances are greater that the military would favor some sort of coalition ticket. One possibility would be a joining of forces by former provisional President Raul Lastiri, a long-time Peronist, who heads the Chamber of Deputies, and Radical Party leader Ricardo Balbin, who has been cooperating closely with the Peronist government.

The sudden return of former President Hector Campora to Buenos Aires last week, following his resignation as ambassador to Mexico,

increases the likelihood of an attempt to form a leftist Peronist coalition. A leftist coalition would create turmoil and division in a campaign, giving the military another reason to try to postpone elections until a strong candidate can be agreed on. If military leaders are unable to find a candidate they are convinced will win, they may turn to an extraconstitutional solution.

Even though all political leaders officially pledged to support Mrs. Perón when she was installed as temporary chief of state on June 29, a number of Peronist factions can be expected to act independently now that Perón is dead. This is especially true of the leftist Peronist youth leaders, who earlier this year were all but read out of the movement by Perón himself for their disruptive demonstrations and public attacks on his wage and price stabilization policies. Those who seek to use Perón's Justicialist movement as a means to gain power can be expected to renew their criticism of the government's social pact that was designed to control inflation.

The extremist terrorist groups will also try to take advantage of the leadership vacuum that now exists. The People's Revolutionary Army probably will step up acts of violence, and other guerrilla organizations on the fringes of the Peronist Movement may increase terrorist operations as confusion in government grows. A general breakdown of public order of a magnitude that would force overt military intervention, however, does not appear likely at this time. The extremists, although well financed, lack numerical strength. They also have shown some sensitivity to public opinion and probably will not overplay their hand until the period of mourning for Perón has passed.

No matter what happens in the short term, there is no one in view to replace Perón. The desperate hope of even those who hated him—that Argentina could at last fulfill its potential under a stable government—seems to have been dashed by Perón's death.

19. Transcript of the Secretary of State's Principals' and Regionals' Staff Meeting¹

Washington, July 10, 1974, 3:20 p.m.

[Omitted here are a list of participants and material unrelated to Argentina.]

Secretary Kissinger: How about Argentina?

Mr. Kubisch: I think you are probably fairly well up to date. The situation for Argentina is still relatively tranquil. Whether or not Mrs. Perón will be able to hold onto power—I would say almost certainly not. Whether she will be able to hold onto the office of the presidency without power as a figurehead is a possibility.

Secretary Kissinger: Does she want power?

Mr. Kubisch: I think she probably wants to carry on as the leader of the Peronist movement. But she really is a rather sad, very feminine person, and really is sort of bewildered by it all.

Secretary Kissinger: You consider those two adjectives necessarily—

Mr. Kubisch: No. I just want to give a profile. Just a shorthand description. She is obviously in awe of the responsibilities. She has a sixth grade education. She was a dancer, as you may know. And she is surrounded by a lot of very tough, ambitious, ruthless people. And there is a very real question about how long she will stay there. From our point of view, it creates some potential problems for us, both in terms of bilateral matters—because in this particular period immediately ahead, something like a countervailing duty action by Treasury can have enormous repercussions there and strengthen the hands of some of the left.

¹ Summary: Kubisch reported on political developments in Argentina resulting from Isabel Perón's ascension to the Presidency and warned that the U.S. policy of applying countervailing duties on Argentine exports could have negative repercussions.

Source: National Archives, RG 59, Transcripts of Kissinger Staff Meetings, Entry 5177, Lot 78D443, Box 4, Secretary's Staff Meetings. Secret. In a June 19 memorandum to Kissinger, Kubisch recommended that the Secretary ask Simon to delay an announcement that countervailing duties were being imposed on Argentina; Kissinger approved. (Ibid., Central Foreign Policy File, P830032–2280) In a June 21 telephone conversation with Simon, Kissinger convinced Simon to delay application of the countervailing duties for a week. (Department of State, FOIA Electronic Reading Room, Kissinger Transcripts) In a June 21 staff meeting, Kubisch discussed the impact of the countervailing duties problem on U.S.-Latin American relations. A transcript of that discussion is published in *Foreign Relations, 1969–1976*, Vol. E–11, Part 1, Documents on Mexico; Central America; and the Caribbean 1973–1976. Subsequent U.S.-Argentine consultation resulted in a U.S. determination that Argentine footwear was not being subsidized in a way that would trigger countervailing duties. (Telegram 304031 to Buenos Aires, December 30, 1975; National Archives, RG 59, Central Foreign Policy File, D750449–0535)

Secretary Kissinger: Well, we just have to stop it. We have got to do something about that countervailing duty problem. We have got to get on top of it earlier, and in every case where it is being considered, we ought to get a group formed. Can we work that out with Simon?

Mr. Ingersoll: Sure.

Mr. Kubisch: We really have just been coping in recent weeks.

Secretary Kissinger: Yes. But I never get aware of it until 48 hours before it is done.

Mr. Kubisch: That's the problem. That is because we are not aware, in a sense. What happens—there was a complaint made on Argentina a year ago. Treasury didn't act on it, because it was just a minor fraction of our imports, until a court made a decision to require them to act, and then Treasury said "We are going to announce an investigation." We have held it off now as a result of your intervention and other things we have done.

Secretary Kissinger: Is (Vignes) likely to stay?

Mr. Kubisch: I don't know. She has reaffirmed the entire cabinet. I think he is likely to stay for a while. I think as long as she stays as President, she will probably maintain the same cabinet, and maintain some kind of Council of State, to run the affairs of the country. But the moment there comes a conflict between two or three of the elements in the government, and she is unable to resolve it—and she probably doesn't have the strength or the intellect or experience to cope with it. So it could be a serious problem and could create a problem for us, in terms of the next meeting of Foreign Ministers—Argentina is the Secretary Pro Tem—in the next six months it could be difficult for us because of that.

[Omitted here is material unrelated to Argentina.]

20. Action Memorandum From the Under Secretary of State for Political Affairs (Sisco) to Secretary of State Kissinger¹

Washington, July 10, 1974.

Suspension of Economic and Military Assistance to Argentina
Under Section 620(a)(3) of the FAA

I have reviewed the staff study at Tab A analyzing the options we have for dealing with the problem of suspension of economic and military assistance to Argentina required by Section 620(a)(3) of the FAA and agree with the analysis and recommended course of action.

This action is essentially a holding operation in which we would explain to the Argentines the applicability of Section 620(a)(3) and ask their cooperation in either not using their ships in the Cuban trade or, if they are unwilling to do that, not to press us for new assistance so that we do not formally have to apply the aid suspension. (From what Bob Hill told us of his conversation with the President last month the chances of getting relief through a Presidential waiver is not in the cards.)

Playing for time in my judgment is the wise course in view of the increasingly fluid status of the Cuban problem. Just this morning Ambassador McClintock reported on a conversation with Venezuelan Foreign Minister Schacht in which the latter stated Colombia, Venezuela, Panama and probably Costa Rica and Honduras would join in a move to vote reestablishment of relations with Cuba (Tab C). Last week Rabasa told Jova that President Echeverria in his swing through South America which he began today would urge his hosts to reestab-

¹ Summary: Sisco advised Kissinger to inform the Argentines they should avoid asking for new assistance or not allow their ships to engage in trade with Cuba.

Source: National Archives, RG 59, Central Foreign Policy File, P850149–0591. Confidential; Exdis. Drafted by Bowdler. Neither Approve nor Disapprove was checked for either recommendation. The staff study that was attached at Tab A has not been found. Attached at Tab B is a draft telegram to Buenos Aires, dated July 5, in which the Department instructed the Embassy to remind Argentine officials of previous discussions concerning the FAA and to seek assurances that the Argentine Government would avoid use of Argentine vessels in the Cuba trade. No evidence that the cable was sent has been found. Attached at Tab C is telegram 6267 from Caracas, July 9, and attached at Tab D is telegram 5684 from Mexico, July 6. Hill's conversation with Nixon is summarized in Document 17. In telegram 5146 from Buenos Aires, July 14, the Embassy reported that the Argentine Government planned to charter foreign ships to handle its trade with Cuba. (National Archives, RG 59, Central Foreign Policy File, D740187–0781) In telegram 152021 to Buenos Aires, July 13, the Department stated that it was satisfied with the steps taken to avoid the shipment of goods to and from Cuba in Argentine vessels and that aid to Argentina could therefore continue. (Ibid., [no film number])

lish bilateral relations with Cuba and support Cuban attendance at the Buenos Aires MFM (Tab D).

Given the importance of this particular issue and the closeness with which you have followed the general Cuban problem, I thought you should be the one to take the final decision. I recommend that you approve Option A of the staff study and authorize the cable at Tab B instructing Embassy Buenos Aires to approach the Argentine Foreign Office. All other agencies represented on the Under Secretaries Committee have approved Option A.

Recommendation

1. That you approve Option A of the staff study (Tab A).
2. That you authorize the cable (Tab B).

21. Telegram 6737 From the Embassy in Argentina to the Department of State¹

Buenos Aires, September 7, 1974, 1232Z.

6737. Subject: Assessment of Argentine Foreign Policy Prospects.

Summary. With death of Juan Perón, Argentine foreign policy has lost some of its steam. The successor government will doubtless try to carry out Perón's policies but without his drive. Since they also lack his skill, this may not be a bad thing. Further, Argentina is likely to be preoccupied with internal affairs for some time to come, with little attention to spare for foreign policy. In part because of internal problems, GOA seeks accommodation with us on bilateral issues and also wants friendly solution to Cuba issue though it may, depending on future events, feel compelled to publicly and forcefully disagree with us on matter. End summary.

1. After several years of suffering through a succession of unimaginative and ineptly executed foreign policies, Argentina, under Juan

¹ Summary: The Embassy provided an analysis of U.S.-Argentine relations after Juan Perón's death and concluded that Argentina's policies toward the United States would likely be marked by continuity rather than change.

Source: National Archives, RG 59, Central Foreign Policy File, D740249-0512. Confidential. Repeated to Brasília. The Embassy's follow-up analysis of Vignes's and Gelbard's roles in the making of Argentina's foreign policy has not been found. In telegram 206240 to Buenos Aires, September 19, Bowdler informed Hill that this telegram had been "of great use to Department and White House end-users." (Ibid., D740262-0675)

Perón, quickly moved to reassert the nation's "rightful" place in Latin American and world affairs. In his Cuba policy, his economic opening to the Bloc countries, his wooing of the "Third World" and his efforts to regain for Argentina a much larger if not predominant position with neighboring states, Perón gave to Argentine diplomacy two ingredients it had lacked under his predecessors: first, he provided domestic leadership which carried the country with him in his foreign policy departures; secondly, and perhaps more importantly, he gave to Argentine diplomacy a vision and intellectual coherence, coupled with an acute appreciation of the obtainable, which other leaders had failed to provide.

2. With Perón gone, the present prospects for a continuation of the dynamism Perón imparted to foreign policy are greatly diminished. Like those of Bismarck, Perón's heirs will claim and indeed believe they are following the master's blueprint. Follow-on trade agreements with Cuba and other socialist countries, identification with Third World causes and a strong commitment (at least verbally) to Latin American unity can all be expected in the foreseeable future. In part, the continuation of the Perón policies is attributable to momentum and to the need any policy has these days to appear to have been initiated or endorsed by Perón. It can, however, also be attributed to the relative lack of creativity and resourcefulness among Perón's foreign policy executors. In addition, the more skillful professionals, such as Vignes, even if motivated to continue innovation, lack the domestic political base to project, much less to implement, new policies. Thus, like Bismarck's successors, they may woodenly follow "new policies" with less energy, skill and, above all, vision, than Perón would have applied to them. That Perón's policies will be implemented by hands less sure than his would be cause for concern if Argentina were to pursue them with great vigor, for that would certainly increase the chances that either through miscalculation or design some of those policies might lead to confrontations with the US and possibly with neighboring states, such as Brazil. In fact, however, the natural preoccupation with domestic affairs following the death of so dominant a personality as Perón, deepened by the severity of the domestic problems he left behind, will probably take most of the steam out of Argentina's foreign policy for some time to come. Indeed, to some extent it has already had that effect. Further the shift which is now taking place in the GOA toward the Peronist "old guard" may well give a more measured tone to Argentine policy.

3. One might have expected that faced with growing domestic problems, the GOA (or certain of its members) would begin to seek "foreign devils" upon whom to blame their problems, or who might be used to divert the public's attention from troubles at home. To date

GOA officials, while issuing public statements replete with references to anti-national forces that conspire with local allies against the "patria", have not yet moved beyond this somewhat standard rhetorical formulation. It would be premature to conclude that this will not happen. It may yet. So far, however, indications are that the energies of the current GOA leadership are and will be almost totally absorbed by efforts to maintain political stability, keep the economy afloat and end the deprecations of the terrorists. We had feared, for example, that Econ Minister Gelbard, in an effort to strengthen his own nationalist credentials (and his position vis-à-vis Lopez Rega) might loudly make a public issue of difficulties arising from 620(a)(3) and the countervailing duties problem. So far, he has not done so. The Foreign Ministry, moreover, has made a concerted effort to play down both problems. No publicity has been given to the imposition of sanctions under 620(a)(3) of the FAA, and after an initially tough stand on countervailing duties, the Econ Ministry has been very eager to resolve the matter. This more cooperative spirit in the Econ Ministry appears to result from Minister Gelbard's preoccupation with the ongoing power struggle. He seems to believe that raising problems with us might in fact simply subject him to new fire from his adversaries in the Cabinet. There have been no indications that others in the government want to go to the mat with us on these issues at this time.

4. The closing of the EC market to Argentine beef offers a case study of what Perón's death has meant for Argentine foreign policy. The EC decision, with its serious repercussions on domestic policy, is the GOA's most serious foreign policy problem. Under Perón, Argentina would have had three options open to it; A) bluster and issue empty threats of reprisal against the EC to curry favor with certain domestic groups (both left and right), B) attempt to put together a common front of LA beef producers to bring more effective collective pressure on EC to change decision, or C) engage in bilateral talks with EC to limit damage EC policy has on Argentina. Were Perón alive he probably would have chosen the second option. The present government, however, lacks clout both domestically and diplomatically to put together such a program. It was thus left with a choice between the first and third option. To its credit, the GOA has so far chosen to forego unproductive grandstand play implicit in the first, and instead has sought the quiet negotiations suggested by the third. Similarly, on US-GOA issues of less magnitude than the EC beef decision (but with potential for disturbing our relations), such as civ air and countervailing duties, GOA has taken path of quiet negotiations rather than confrontation. The US of course benefits from a GOA policy of "dialogue" if, as we believe, it implies a continuation of its willingness to discuss in a private and businesslike manner our outstanding bilateral problems.

On reverse side of coin, GOA officials have shown awareness and appreciation of fact that US is also seeking no confrontations with Argentina and wishes to reach mutually satisfactory solutions to our problems. Both sides understand that issues such as civ air and counter-vailing duties are complex ones in which each side will bargain hard to protect its interests. However, while matters remain in diplomatic channels and both sides have interests in seeking resolutions to issues there is room for optimism as to outcome of negotiations.

5. Cuba is a special case for the GOA, because it is a multilateral issue that has aroused a high level of public interest, and because the GOA will host the March MFM. Having taken a leading role in effort to reintegrate Cuba into the inter-American system, the GOA as it moves to the right at home cannot afford to at same time give appearance of abandoning its “progressive” stance re Cuba. Also, commitments made to other LAs on this issue will not now go away because of Perón’s death. Further, Fon Min Vignes is closely identified with the issue of Cuban reintegration and his personal political position would suffer if he lost the initiative on it. Nonetheless, even on this issue the GOA gives no evidence of wanting to beat US over the head; rather, preferred GOA position is one in which US allows sanctions to be lifted without a bruising struggle in either OAS or MFM.

6. Comment. In sum, unless some presently unforeseen domestic upheaval drastically alters the present balance of power with the GOA, we believe it will in form if not in substance hew closely to course set by Perón. Cuba question was only major issue in that policy which promised to lead to serious conflicts of interests with US. With some of the push gone out of this and other initiatives launched by Perón, the chances that we can avoid confrontations and establish a mutually beneficial relationship would seem to be much increased.

Note. Embassy will shortly followup this assessment with analysis of roles it expects Vignes and Gelbard to play in the evolving GOA foreign policy scene.

Hill

22. Memorandum of Conversation¹

Washington, September 21, 1974, 11:15 a.m.

Conversation between

President Ford
Foreign Minister Vignes
Secretary Kissinger
Ambassador Orfila

The meeting opened with an exchange of greetings and a press photo session.

President Ford thanked Foreign Minister Vignes for his cooperation and helpfulness about which Secretary Kissinger had informed him, and he asked that the Foreign Minister continue to work closely with the Secretary. The Foreign Minister said that he had supported a foreign policy for Argentina based on close relations with the U.S. since his days in law school.

The Foreign Minister explained to the President that we have been working to improve relations between the U.S. and Latin America since last April. The hope had been to let the situation mature to its culmination in March 1975, but the policy has been interrupted by the proposed resolution which three Latin American nations had introduced at the OAS meeting this week. The President and Foreign Minister Vignes agreed that neither wanted to see the matter progress too rapidly, and that more time would be helpful. Secretary Kissinger noted the close cooperation which existed between us. He assured the Foreign Minister that this would continue and that the United States would consult with Argentina before making any significant changes in its

¹ Summary: President Ford, Secretary Kissinger, and Foreign Minister Vignes discussed Cuba policy, U.S. trade legislation, the selection of a new OAS Secretary General, and the situation in Argentina.

Source: Ford Library, National Security Adviser, Memoranda of Conversations, Box 6, September 21, 1974, Ford, Kissinger, Argentine Foreign Minister Alberto Vignes. Top Secret; Nodis. The meeting was held in the Oval Office. Handwritten notations modify the first part of the second sentence of the third paragraph so that it reads: "The hope had been to let the Cuban situation mature until the meeting [the Buenos Aires meeting of Western Hemisphere Foreign Ministers] in March 1975." Sent to Scowcroft under a covering memorandum from Low describing it as "a summary of the Vignes conversation written in very general terms and with only elliptical references to subjects like Cuba." The full memorandum of conversation is also attached to Low's memorandum; during their discussion, Ford, Kissinger, and Vignes agreed to work together to postpone OAS action on Cuba until after U.S. elections in November and to coordinate a common approach thereafter. A memorandum of conversation of a September 21 meeting in which Kissinger briefed Ford in advance of this meeting with Vignes is in *Foreign Relations*, 1969–1976, vol. E–11, Part 1, Documents on Mexico, Cuba, and the Caribbean, 1973–1976, Document 23.

policy. The Foreign Minister praised our past and present cooperation and said he looked forward to continuing this cooperation in future phases of our policy.

On bilateral matters the Foreign Minister emphasized the need for action. He stressed the importance of the Trade Bill. The President assured him of the efforts which he was making in support of its passage. The Foreign Minister suggested that another field of cooperation might be the exchange of technology. Secretary Kissinger noted that our experts are meeting on the subject. He looked forward to the announcement of concrete results, perhaps when he visited Argentina next year.

Foreign Minister Vignes brought up the subject of selection of a new OAS Secretary-General. He said it appears likely that neither of the two present candidates could be elected with a large majority; therefore, it is necessary to get someone who has broad support. A third candidate might be from any country, even Argentina, he said, and the deputy should be an American. Secretary Kissinger explained that we would follow the consensus on the first vote but would hope that the winning candidate had a large majority.

On departure, Foreign Minister Vignes expressed his pleasure with the conversation and said he brought the best wishes of President Perón and the Argentine people. President Ford spoke of the United States' warm friendship for Argentina and asked that his best wishes and those of the people of the United States be conveyed to President Perón. The Foreign Minister again thanked the President. He noted that Argentina was going through a series of crises which are more apparent than real. The Government, he said, has the support of 90 percent of the people. There is only a small group of terrorists.

23. Memorandum of Conversation¹

Rome, November 5, 1974, 9:40–10:15 a.m.

PARTICIPANTS

Alberto Vignes, Minister of Foreign Affairs, Argentina

Dr. Henry A. Kissinger, Secretary of State and Assistant to the President for
National Security Affairs

Peter W. Rodman, NSC Staff

Jose De Seabra, OPR/LS (Interpreter)

[They embrace on greeting, and then sit down. Coffee is ordered.]

Vignes: You are coming from Moscow?

Kissinger: From Moscow, New Delhi, Dacca, Tehran, Bucharest, Belgrade . . . [Laughter]

Vignes: Congratulations!

Kissinger: Since you're driving me out of Latin America, I might as well organize the other parts of the world.

Vignes: You have to come.

Kissinger: I'm coming. There is no way I can avoid it! Before the Foreign Minister's Conference. To organize . . . My impression is that Argentina will take over everything south of Panama. If the Foreign Minister stays Foreign Minister. So I have to concentrate on Asia.

Vignes: They're waiting for us in Quito.

Kissinger: [Laughter] I can't go. They're waiting for me in Cyprus. I think they'll probably lift the sanctions, don't you?

Vignes (pauses): I'd like to know how you're going to vote.

Kissinger: We will abstain.

¹ Summary: Kissinger and Vignes discussed trade issues, Cuba policy, the upcoming meeting of Western Hemisphere Foreign Ministers in Quito, and the election of a new OAS Secretary General.

Source: National Archives, RG 59, Records of Henry Kissinger, Entry 5403, Lot 91D414, Box 21, Classified External Memoranda of Conversation, May–November 1974. Secret; Nodis. Brackets are in the original. The meeting was held in the Secretary's suite in the Hotel Excelsior. Kissinger and Vignes were in Rome for the World Food Conference. In telegram 7708 from Buenos Aires, October 18, the Embassy reported that Vignes wanted close coordination with the United States to insure a successful meeting of Foreign Ministers in Buenos Aires in March 1975 and that Vignes hoped to meet with Kissinger in Rome during the World Food Conference. (Ibid., Central Foreign Policy File, D740297–0608) In telegram 236746 to Buenos Aires, October 26, the Department responded that it hoped that Kissinger and Vignes would be able to agree on the format and agenda of the MFM when they saw each other in Rome. (Ibid., D740306–1028) In telegram 7964 from Buenos Aires, October 30, the Embassy reported on an October 29 meeting between Bowdler and Vignes during which preparations for the Quito and Buenos Aires MFMs were discussed. (Ibid., D740310–0292)

Vignes: Okay [Bueno]. It will be important to talk with some countries that have some doubts; so the conference will obtain positive results.

Kissinger: Buenos Aires?

Vignes: Quito.

Kissinger: We'll talk to them.

Vignes: I talked to Bowdler in Buenos Aires. Did he tell you what transpired?

Kissinger: When?

Vignes: Six days ago.

Kissinger: No, can you tell me?

[A contingent of Argentine photographers and journalists is admitted briefly, then dismissed.]

You can't announce, Mr. Foreign Minister, that we will abstain. This is for your personal information.

Vignes: No, no. Absolutely. Ausgeschlossen. [Laughter]

Kissinger: I always lose my coat to the Foreign Minister. The only question is whether I lose my shirt. And you follow me to Rome. Will you support me here [at the World Food Conference]?

Vignes: If you support me.

Kissinger: I think you'll be pleased with my speech. Because it talks about access to our markets.

Vignes: That's what I will say in mine. I get a little bit mad at the United States, but in the multilateral environment, not in a bilateral environment.

Kissinger: I don't know if that helps me. When is your speech? Today?

Vignes: Yes, right after you.

Kissinger: I don't know if that creates a good spirit.

Vignes: The press is saying we are both here to conspire against the rest of Latin America.

Kissinger: That's not bad. It is partially true.

Vignes: I have to mend my fences, like you.

Kissinger: What if I attacked you and said it was for domestic reasons?

[A call comes in from Secretary-General Waldheim. They agree to meet at the Conference.]

Vignes: At Quito, I do believe it's necessary for the Conference to reach some concrete positive results. Otherwise we are going to have difficulties at the Buenos Aires meeting.

Kissinger: If it doesn't achieve positive results, it won't be because of us.

Vignes: Of course. I believe there are the necessary number of votes, particularly if the United States contacts several countries on which it has definite influence, so they'll support a positive outcome.

Kissinger: What did you discuss with Bowdler? You were going to tell me.

Vignes: What I said to Mr. Bowdler is essentially what I just said to you. Then I didn't know the US was going to abstain. I told him the US position should be one of support for positive results of the Conference, because this way the problem will be solved for the United States by the Latin Americans. They'll do the work. If a negative result happens, then the US has to work out its problem alone.

Kissinger: But we are prepared to work out our problem with Cuba. I told you.

Vignes: That's why I attach so much importance to a positive result. That way the work is done by all of us. I'm quite pleased it's going to come out this way.

Kissinger: If we wanted the Conference to fail, I would have gone there. Seriously.

Vignes: No.

Kissinger: To make it succeed, I don't have to go there. Seriously. Quito, not Buenos Aires.

Vignes: You had no reason to be the motive for failure.

Kissinger: But I also have no reason. I've told you what our policy is. So you understand it. But after the history of American-Cuban relations, it is not dignified for the United States to work for the success either. But we will not work for a failure. Believe me. We don't expect a failure. You don't expect a failure.

Vignes: No.

Kissinger: So it won't be a failure.

Vignes: Speaking to another subject, what are the prospects for opening US domestic markets to Argentine products?

Kissinger: After the passage of the Trade Bill, very good.

Vignes: When Mr. Bowdler was in Buenos Aires, he contacted some of my people on exchange of technology, which is going to be discussed at the Buenos Aires meeting.

With respect to the OAS, what is your thinking about the several candidates for Secretary General of the OAS?

Kissinger: I was told the man from Paraguay does have a chance of getting elected. But we are not actively working. So it depends on whether your judgment was right. [Laughter]

Vignes: You remain very serious when you say that.

Kissinger: I'm hoping I could emerge as the compromise candidate. I want a permanent job. [Laughter] Will you support me, as an old friend?

Vignes: You are destined to a higher calling.

Kissinger: I'll make an Argentine the Deputy.

Vignes: It seems that neither of these two will have a majority.

Kissinger: If that's the case, we've made no decision at all. So the situation is exactly as we discussed.

Vignes: Argentina had supported the Paraguayan candidate—as a matter of personal commitment to Stroessner.

Kissinger: We're in the same position.

Vignes: But on the second vote we may change.

Kissinger: We're in about the same position.

Vignes: We believe the OAS should be changed, should be restructured, because as it now stands, it's not efficient. But we also are in favor of having the Meeting of Foreign Ministers independent of the bureaucratic structure of the OAS.

Kissinger: I agree. The only question is how we institutionalize it. I'm in favor of these Meetings of Foreign Ministers.

Vignes: That's a very positive fact. When do you plan to come to Argentina?

Kissinger: In January or early February.

Vignes: I wanted to say there has been some talk in some areas that Buenos Aires wouldn't offer sufficient security guarantees for the Meeting of Foreign Ministers. I must say it's false, and the US should reject that idea.

Kissinger: I'll stay close to the Foreign Minister! No, we'll not support a change.

Vignes: With respect to the Argentine situation, I want to point out there is a small activist group using terrorism as a political tactic, but each day their number is decreasing.

Kissinger: I'm not worried.

Vignes: The reason I brought it up is this situation is surrounded by a great deal of publicity, but it is not affecting any government decision. I have nothing else.

I hope in this Conference here we're going to agree on one thing, the absolute need to solve the problem of hunger.

Kissinger: This is my theme. I'm doing it in a very conciliatory way. I think it would be unfortunate if, right after I make my speech, the newspapers say Argentina attacked the United States. Also, it wouldn't help what we're trying to do next year.

Vignes: No, the fact is we both have the same goal, that is, to solve the urgent problem of food, and even with different paths we're heading for the same objective. My speech is not based on an attack on the US, because that is not my temper; but I do attack the policy of the big powers—but particularly the Europeans. Also, I'm going to blame the inflation on the dollar devaluation.

Kissinger: Really? It is a good thing we're friends!

Vignes: I believe we should tell truths regardless of where it falls.

Kissinger: Not oil?

Vignes: Yes, also oil. Of course.

[The conversation then ended.]

24. Interagency Intelligence Memorandum DCI/NIO No. 2721-74¹

Washington, December 10, 1974.

Argentina: Prospects Over the Next Several Months²

Conclusions

Mrs. Perón has strengthened her position since our last assessment, and she is likely to remain in office over the next several months. [1½ lines not declassified] she is carrying out her day-to-day tasks with increasing self-confidence. The major power sectors in the country—the military, the orthodox Peronists, and the opposition parties—want the constitutional process she embodies to continue. There is little genuine public enthusiasm for Mrs. Perón as a national leader, but

¹ Summary: The memorandum concluded that there were no serious threats to Isabel Perón's leadership and that U.S.-Argentine relations would probably improve as Argentina revised nationalistic economic measures that discriminated against foreign investment.

Source: Central Intelligence Agency, National Intelligence Council, Job 79R01099A: O/DDI Intelligence Publication Files (1965-1975), Box 20, Folder 7: IIM: Argentina: Prospects Over the Next Several Months. Secret; [handling restriction not declassified].

² This memorandum was prepared under the auspices of the National Intelligence Officer for Latin America. It was drafted in CIA and has been reviewed with representatives of CIA, INR, DIA, and Treasury and endorsed by them. [Footnote in the original.]

most Argentines continue to support her as the symbol of Peronism and constitutionality.

Discussion

1. This memorandum constitutes an update of an earlier memorandum, "Argentina: Prospects over the Next Several Months," which was issued on August 7, 1974. It considers the strengths and weaknesses of the Perón government, economic prospects and the order of succession should Mrs. Perón decide to step down. The memorandum concludes with a section on US-Argentine relations.

Forces for Stability

2. Over the short term a majority of *orthodox Peronists* will stand behind Mrs. Perón. Infighting among Peronist leaders is continuing but has lessened as confidence in Mrs. Perón grows. The left began drifting away from the Peronist movement before its founder's death, and as long as extremists in this wing threaten the center and the right, the latter two will hold together. Organized labor remains the backbone of the movement. It is potentially the most powerful pressure group in the country, but its leadership is divided and ineffectual, out of touch with its constituency, and susceptible to manipulation by Peronist politicians. Rank and file demands for wage increases are likely to cause strains between the government and labor chieftans, but barring an unforeseen economic crisis, labor will be the last sector to waver in its support for Mrs. Perón.

3. The *Armed Forces* also will continue to support Mrs. Perón, [5 lines not declassified], but they remain determined to stay out of the political arena. Mrs. Perón has worked hard at cultivating top military officers and they approve of her tough attitude toward the terrorists. The government's current offensive against the terrorists pleases the military, but pressures from junior and middle grade officers for more aggressive action is increasing.

4. A fear of the left—and a desire to keep the military out of politics—will encourage the *opposition parties* to continue supporting the government. The Radicals have their sights on the 1977 elections and do not want the constitutional process disrupted. Playing the role of the loyal opposition has not been easy and is causing serious problems within the Radical Party as well as in other parties. The principal reason is that Mrs. Perón has not continued the dialogue with opposition parties that was started by her husband. Opposition political leaders will keep pressing Mrs. Perón to resume the dialogue, as well as to curb the excesses of the extreme right. Relations between the government and the opposition will be strained from time to time, but at least until the terrorists are brought to heel, opposition leaders will seek to keep Mrs. Perón in office.

Weaknesses

5. Principal weaknesses of Mrs. Perón's government are its lack of dynamic leadership and its almost total preoccupation with crisis management. Nowhere within the government, nor in the sectors supporting the government, has leadership emerged that appears capable of finding solutions to the country's economic and social problems. The new ministers of interior, Rocamora, and economy, Gomez Morales, both appear to be politically stronger and more capable than their predecessors. Like the rest of the cabinet, however, they lack popular appeal and have yet to demonstrate the qualities of leadership that can give strong policy direction to the country.

6. The government currently has public support for its assumption of emergency powers under the state of siege, but this support could weaken unless legal and extra-legal repression is used judiciously. Mrs. Perón promised opposition leaders that she would crack down on right-wing death squads. Her failure, or her inability, to do so has provoked leftist charges of official sponsorship. Terrorist leaders also accuse US officials in the country of supporting counter-terrorist activities. The possibility of attacks against US embassy personnel has become a major security concern. This danger will grow as government pressure on the terrorists increases. Actions against US personnel would have high propaganda value and could probably be carried out successfully especially if limited to hit-and-run or kidnaping operations.

7. Terrorism of both the right and left is a serious problem for the government but not one that is likely to cause its fall. The struggle against the leftist extremists will be long and tough. After months of foot-dragging and soul-searching, the army is beginning to play an increasing role in the counterterrorist battle. Its participation in intelligence gathering and coordination is already paying dividends and could be the key to success. Active duty army officers now are heading police forces in two key provinces and the army has recently played a more active role in several others. Military leaders have given their support to vigilante action by military personnel, but they remain determined that the terrorists be defeated without a military takeover of the campaign.

8. [1 paragraph (15 lines) not declassified]

The Economy—A Mixed Picture

9. The economy has factors of both weakness and strength for Mrs. Perón's government. The recent appointment of Gomez Morales to the economy portfolio has boosted hopes for improved financial management. Although political differences among Peronists over economic policies appear to have lessened, Gomez Morales will be under heavy

pressure from Peronist labor to grant further substantial wage increases as inflation accelerates. At the same time, Gomez Morales is committed to the stabilization measures of the Social Pact until it expires in mid-1975. This means that he will have to restrain general price hikes by confining increases to sectors most hurt by higher costs and poor profits. His biggest challenge will come from the public sector, which is heavily burdened by deficit spending. He has already called for public and private austerity, but his efforts to impose monetary controls will be fought by vested interests in state enterprises and the federal bureaucracy.

10. While price hikes authorized by the government have given temporary relief to key industries, many firms face a bleak future. Private investment will continue to stagnate in most sectors as wages outstrip prices. Excessive demand and the lack of investment will continue to generate shortages of consumer and capital goods. Major disruptions of industrial production, however, are unlikely in the near future.

11. The most promising change in economic policy would be one which stimulated grain production. This would ensure the maintenance of a strong balance of trade and provide the currency needed to finance industrial development and service the external debt. It remains to be seen whether effective action will be taken, but Gomez Morales has said that he would pay greater attention to agriculture than his predecessor did. He has withdrawn the agrarian reform bill which was before the Congress, reportedly to include in it greater incentives for the agricultural sector.

12. As to the prospects for 1975, high consumer demand will probably generate economic growth of 5–7 percent, despite continued lack of producer incentives. The rate of inflation will probably increase somewhat. High prices for grain should continue to offset the poor prospects for meat exports. Lower oil consumption and the renegotiation of prices for imports from Libya should reduce the nation's petroleum bill by 15 percent, to around \$450 million. In sum, the economy will continue to be a problem area, but the immediate prospects are reasonably favorable and major economic deterioration and a serious crisis are unlikely.

Looking Further Ahead

13. While there appear to be no problems of such magnitude as to seriously threaten Mrs. Perón's tenure, the possibility still remains that at some point she will want to step down. Her performance has exceeded the expectations of most observers, and there are indications that she is beginning to enjoy the job. [6½ lines not declassified]

14. If Mrs. Perón should leave office, the succession scenario outlined in our earlier assessment would still come into play, with one

possible exception. It is now more likely that Mrs. Perón's constitutional successor, Senate President Jose Allende, would step aside and allow Raul Lastiri, president of the Chamber of Deputies and Lopez Rega's son-in-law, to assume the presidency. Lastiri would be bound under law to set within 30 days a date for elections. It is not specified how soon elections must be held, but they probably could not be delayed more than six months to a year. Lastiri is a Peronist and former provisional president. His government would be likely to continue Mrs. Perón's policy of cooperation and close communication with the United States.

US-Argentine Relations

15. Relations between the US and Argentina are good, and bilateral problems are unlikely to have a major impact on domestic policies over the next few months. Mrs. Perón's government will continue to cooperate with the US and make every effort to settle all questions amicably. The former economy minister, Gelbard, was an outspoken critic of the US. [2½ lines not declassified] Argentina's nationalistic economic policy will be continued under Gomez Morales, but there probably will be some easing of the stridently nationalistic and restrictive economic measures that discriminate against foreign business interests.

16. Adding to the prospects for improved US-Argentine relations is the likelihood that Mrs. Perón's government, and particularly Foreign Minister Vignes, will want to avoid any issue that could mar the meeting of foreign ministers in Buenos Aires next March. Vignes hopes the meeting will result in a settlement of the Cuban sanctions question, and to guarantee a harmonious and productive outcome he will seek the cooperation of the US. He will press strongly for Secretary Kissinger's presence and thus will be anxious to put the best face on relations with Washington.

25. Memorandum of Conversation¹

Washington, January 23, 1975, 12:47 p.m.

SUBJECT

The March 1975 Meeting of Foreign Ministers in Buenos Aires and the Secretary's Projected Visit to Argentina

PARTICIPANTS

U.S.

The Secretary

William D. Rogers, Assistant Secretary of State for Inter-American Affairs

Frank V. Ortiz, Country Director for Argentina, Paraguay and Uruguay

Argentina

Alejandro Orfila, Argentine Ambassador to the United States

Ambassador Orfila: You are busy, Mr. Secretary, so I will get right to the point. My Government has been following developments relating to the Trade Bill very closely. We are in close touch with other Foreign Ministers as to how this might affect the meeting in Buenos Aires. Minister Vignes is telephoning the Venezuelan and Ecuadorian Foreign Ministers and will ask them directly whether or not they will be going to Buenos Aires. Vignes will be very frank with them and will say, "No publicity stunts. Are you going? Yes or no." Based upon our reading of the situation, we are almost certain that they will not go. They are asking for assurances that the U.S. cannot give.

The Secretary: They know that we can't do what they are asking us to do.

Ambassador Orfila: They seem to expect that the United States or you, Mr. Secretary, could give acceptable public assurances on the Bill.

The Secretary: I could not do it nor would I. We won't tolerate this kind of treatment.

Ambassador Orfila: We have been in continuous touch on this problem with the other countries. For example with Rabasa. Their position seems to be that if two or more countries stay away from the

¹ Summary: Secretary Kissinger and Ambassador Orfila discussed the 1974 U.S. Trade Act, the postponement of the Buenos Aires MFM, and a planned trip by Kissinger to Latin America.

Source: National Archives, RG 59, Central Foreign Policy File, P820117–0538. Confidential; Exdis. Drafted by Ortiz. Approved in S on January 24. A copy was sent to the White House. The meeting was held in the Secretary's office. A summary of the conversation was sent to Buenos Aires in telegram 17008, January 24. (Ibid., P850086–2146) In telegram 23922 to Buenos Aires, February 2, the Department transmitted a letter in which Kissinger informed Vignes that developments in the Middle East made it impossible for him to visit Latin America in mid-February. (Ibid., D750038–0252)

Buenos Aires meeting, it would be better to postpone the meeting. From our own domestic position, the same would be true. There is the possibility that not only Venezuela and Ecuador but also Colombia and Peru would stay away from the meeting. This might happen even if Venezuela indicates, as I understand they might, that there would be no objection to having the meeting proceed without Venezuela's participation. This would not be acceptable to Argentina as it would imply a position of ideological leadership for Venezuela that Argentina is not prepared to grant. In view of this situation we believe we must consider the possibility that the meeting at Buenos Aires be postponed. Mechanically we should think of ways to do this.

The Secretary: We should know when you plan to make the announcement so we can say something too.

Ambassador Orfila: My suggestion is that we would be better off if we postpone the meeting and coordinate the announcement.

The Secretary: I agree. I think that is a wise decision.

Ambassador Orfila: With regard to your trip, Mr. Secretary, you must be very sure you can go on February 16. If you can't go then it would be better to attach to the announcement of the postponement of the Buenos Aires Meeting an announcement that you are also postponing your prior trip. I want to make it absolutely clear that you are welcome in Argentina and that I am not suggesting in any way that you not go. I am only saying that if there is any chance that you will not go, then it is better to postpone your trip and avoid a very negative reaction.

The Secretary: What is your recommendation as a friend as to whether or not I should go?

Ambassador Orfila: As a friend, I hope you will go. Your trip is very important and could be very beneficial. You should go if you have no doubt that you can make the trip. It would be very damaging if X number of days before you go, you cancel your trip. I have been checking with the Middle Eastern people and there is some confusion. They seem to expect that you will be in the Middle East at the same time you are supposed to be in Argentina.

The Secretary: Did you check with the Middle Easterners or my people here in the Department? Sometimes I think I ought to open a newspaper. They publish everything before I know myself what I am going to do. I may go to the Middle East, but if I do it would require a postponement of my trip to Latin America by only one or two days. There would be no substantial postponement. That shouldn't cause any big problem.

Ambassador Orfila: That would be no problem. But the important thing is to be sure that you are going.

The Secretary: It is 95 per cent sure.

Ambassador Orfila: But it is that 5 per cent if you don't go that could be very damaging.

The Secretary: Mr. Ambassador, is it desirable that I go?

Ambassador Orfila: Mr. Secretary, it is very desirable. Your trip would be very beneficial. You are aware of the feeling in Latin America that the United States does not give Latin America enough priority.

The Secretary: They can't have it both ways. They can't complain of the lack of priority and behave as they are behaving now. Why should the United States put itself in this position? What do we get from the new dialogue? It seems to me that the new dialogue consists of a list of things for us to do and there is not much interest in what the Latin Americans can do for us. I am not sure this is a good position for us to be in. I can say this to you because it is not true of Argentina. But others complain of lack of priority and then when we give priority to their problems, they use it for domestic political purposes.

Ambassador Orfila: You should remember that this is a result of problems of the past.

The Secretary: It could be that my trip would be used to foment great nationalistic demonstrations.

Ambassador Orfila: I don't think that would happen, Mr. Secretary. The negative results of the trip would come after the trip.

The Secretary: What do you mean by negative results?

Ambassador Orfila: If nothing positive came from your trip, then there would be an adverse reaction. It is all a question of image. The United States must project a favorable, positive image.

The Secretary: I'm sorry. I must go to Los Angeles now. I very much appreciate the position taken by the Argentine Government. I agree that to have a meeting now would be too dangerous. We would be at the mercy of any demagogues. I believe that postponement would be understood. In a domestic sense it could even be helpful for me as another thing Congress has screwed up.

Ambassador Orfila: Thank you for seeing me, Mr. Secretary. I will stay in close touch with Secretary Rogers.

26. Interagency Intelligence Memorandum DCI/NIO No. 671-75¹

Washington, March 19, 1975.

ARGENTINA: PROSPECTS OVER THE NEXT SEVERAL MONTHS²**CONCLUSIONS**

Mrs. Perón's position has eroded since our last assessment. She will probably remain in office over the next three months, but the outlook for the remainder of the year is not favorable. Deteriorating economic and political conditions will have a serious impact on her political support and will reduce her prospects. The major power sectors in the country—the military, labor, and the opposition parties—are beginning to accept the prospect of a shift in leadership, but they want the constitutional system to remain intact. If Mrs. Perón does step down, the most likely outcome is that a constitutional successor would be found to preside over a caretaker regime until elections.

[Omitted here is the Discussion section.]

¹ Summary: The memorandum concluded that while President Perón did not face an immediate threat, it was unlikely her regime would last through the end of 1975. Despite possible friction due to the 1974 Trade Act and increased terrorism, prospects for harmonious U.S.-Argentine relations appeared good.

Source: Central Intelligence Agency, National Intelligence Council, Job 79R01042: Policy Files (1974-1976), Box 4, IIM Argentina: Prospects Over the Next Several Months. Secret; [*handling restriction not declassified*]. This memorandum updates Memorandum DCI/NIO No. 2721-74 of December 10, 1974, published as Document 24.

² This memorandum was prepared under the auspices of the National Intelligence Officer for Latin America. It was drafted in CIA and has been reviewed with representatives of CIA, INR, DIA, and Treasury and endorsed by them. [Footnote in the original.]

27. Memorandum of Conversation¹

Washington, May 8, 1975, 1:15–2:45 p.m.

SUBJECT

Luncheon Meeting with Argentine Foreign Minister Vignes

PARTICIPANTS

Argentina

Alberto J. Vignes, Argentine Minister of Foreign Affairs and Worship

Alejandro Orfila, Argentine Ambassador

Julio Carasales, Argentine Ambassador to the OAS

U.S.

The Secretary of State

William D. Rogers, Assistant Secretary, ARA

William S. Mailliard, Ambassador to the OAS

Carl E. Bartch, Country Director, ARA-LA/APU

Anthony Hervas, Interpreter

The Secretary: I can't tell you how disappointed I was, and how much I regret that I was not able to visit your country last month. It was not any lack of interest on my part; it was due to events I could not foresee. If I had foreseen them, I would have resigned last year. I was most anxious to undertake the visit, but it was not possible in April. I plan to reschedule the visit in August, if that is satisfactory.

Minister Vignes: I am aware of the reasons you were not able to undertake the visit last month, and I understand the very great problems that compelled you to remain in the United States. We would be very pleased to receive you in August.

¹ Summary: Kissinger and Vignes discussed sanctions against Cuba, financial assistance, housing investment guarantees, selection of the OAS Secretary General, civil aviation, the Malvinas (Falklands) Islands, Argentina's creditworthiness, and Argentine-Chilean relations.

Source: National Archives, RG 59, Central Foreign Policy File, P820125–0187. Confidential; Nodis. Drafted by Bartch and approved in S on October 29. The meeting took place in the James Madison Room at the Department. A summary was sent to Buenos Aires in telegram 115928, May 18. (Ibid., D750174–1209) On May 2, Rogers and Vignes agreed that a special conference should be set up to adopt a resolution providing for freedom of action regarding Cuban sanctions. (Memorandum of conversation, May 3; *ibid.*, P820125–0139) The referenced exchange of correspondence on Cuba is in telegrams 93365 and 106096 to Buenos Aires, April 23 and May 7, and in telegram 3026 from Buenos Aires, May 1. (Ibid., P850056–1648, P850059–1528, and P850081–1937) In a May 8 memorandum to Rogers, Bartch listed follow-up actions to be taken as a result of Kissinger's May 8 meeting with Vignes. (Ibid., ARA/ECA Files: Lot 78D56, POL 15–3 ForMin Vignes, 1975)

The Secretary: Argentina has a tremendous capacity to put pressure on me, because I am a football fan, and I intend to remain in office until 1976, when the world football match will be in Argentina.

Minister Vignes: We'll try to arrange a good match for you when you come to Argentina. They play in August there.

The Secretary: How do you see the situation in the Western Hemisphere, Mr. Minister?

Minister Vignes: I think the situation is good, but it could be better. I think it is important that we all try to resolve our bilateral problems in the hemisphere.

The Secretary: I agree with you.

Minister Vignes: There are also some difficult multilateral problems.

The Secretary: Such as Cuba?

Minister Vignes: Yes. I find that the trend now among several of our countries is to try to reach agreement on the amendment of Article 17 of the Rio Treaty, to give each country a free hand in deciding whether to have bilateral relations with Cuba.

The Secretary: We have had an exchange of correspondence on that. We don't think the matter should be resolved during the current OASGA.

Minister Vignes: Neither do we.

The Secretary: Yes, the question can be decided at a special meeting.

Minister Vignes: It would be possible to decide it at a special meeting, with no debate on the subject at the OASGA.

The Secretary: A debate would have an unfortunate reaction here, as far as U.S. public opinion is concerned.

Minister Vignes: Yes. Some countries are opposed to lifting the sanctions—Brazil, Chile and Uruguay.

The Secretary: Wouldn't they take the same position at a special meeting?

Minister Vignes: That's a good question. Yes, they probably would, but perhaps their positions would not be as intransigent at a special meeting. The fundamental idea of some other countries is to resolve the question now, once and for all. Mexico, Venezuela, Costa Rica, Peru and Panama are of this opinion.

The Secretary: Can you handle this for us? Can the Latin American nations handle this for us?

Minister Vignes: What would be the U.S. attitude if we were to do so?

The Secretary: It would have to be done at a special meeting, with no advance announcement of what is to be done. It shouldn't be delayed

too long. Perhaps it should be done by the end of June, or early July, at the latest.

Minister Vignes: Would the U.S. vote affirmatively on the lifting of sanctions at such a meeting?

The Secretary: Not to lift sanctions, but to permit each country to exercise freedom of action in deciding on the matter.

Assistant Secretary Rogers: Yes. At the OASGA, we would support the idea of a special meeting called to consider the question of whether each country should have a free hand to decide for itself.

The Secretary: We'd vote in favor of that.

Minister Vignes: Can I handle it like that, then?

The Secretary: How much of this would get out to the public?

Minister Vignes: It could be handled confidentially, with no advance announcement about what is to be done.

The Secretary: If it is to be done in that way, what I told you about how we will vote must remain confidential.

Minister Vignes: A special meeting could be convened solely to arrive at a solution to the Cuban question. It should not be constituted as an organ of the OAS. It is possible to do it in that way. The Foreign Ministers would not have to attend.

Assistant Secretary Rogers: Ambassador Mailliard could represent us.

Ambassador Mailliard: Foreign Minister Facio has already offered Costa Rica as a site for a special meeting.

Minister Vignes: This is essentially a political question. We should agree that the meeting should be convened and straighten out the legal questions later.

The Secretary: I agree. Is there anything else I can do for you?

Minister Vignes: I'm not going to make a speech. U.S.-Argentine relations are at an optimum point, and we should attempt to achieve something concrete and important to our two nations.

The Secretary: If that is so, why did it take two divisions to guard me when I planned to visit Argentina? Those who handle Latin American Affairs in the Department are under instructions to pay special attention to Argentina.

Minister Vignes: Then I'll be more specific. We have certain financial problems, and we need help. And we need help from the United States.

The Secretary: I understand that you are seeking help from private U.S. banks.

Ambassador Orfila: We are seeking \$600 million in loans from U.S. private banks and the IBRD.

Minister Vignes: Yes, but the banks need to know that the U.S. Government morally supports Argentina in its request for loans.

The Secretary: We are prepared to extend such support. Bill, will you call David Rockefeller? I could call Robert McNamara; he is a good Democrat.

Minister Vignes: Do you intend to make public the fact that you morally support Argentina's efforts to obtain financial assistance?

Assistant Secretary Rogers: Let's see what we can work out along these lines.

The Secretary: We could say that we discussed Argentina's financial problems and its efforts to obtain assistance, and that I promised you the moral support of the U.S. Government, as long as you don't leave the impression that we exercise any control over the decision to extend the loans. Some formula would have to be worked out to make it clear that we are only using our influence.

Minister Vignes: Yes, that the U.S. Government is extending its moral support to Argentina's attempts to find a solution to its financial problems.

The Secretary: You see, I am too easy for you.

Minister Vignes: I thought you were going to say a lot more. Another matter. We need a small sum of money for housing investment guarantees. Housing is a serious problem for us, and we intend to undertake a program to resolve it.

The Secretary: How much?

Minister Vignes: The ideal sum would be \$100 million. Is that a lot?

Assistant Secretary Rogers: We can do something for you, but we can't go that high.

The Secretary: I don't know about this, but Bill says we can do something.

Minister Vignes: We already have \$14 million authorized for us in housing investment guarantees, but that is a very small amount. I hope you can give us more before I leave Washington.

The Secretary: Are you going to take all the credit for this, or will there be something left for me?

Assistant Secretary Rogers: Perhaps we could call it the Kissinger-Vignes Housing Project.

The Secretary: Can you have some houses built by the time I get there in August? Do I have to do housing projects for every one of the Foreign Ministers who are attending the OASGA?

Minister Vignes: No. Give the money to us, and there will be nothing left for the others.

The Secretary: Good idea. I'll tell them I gave it all to the Argentines. Is there anything else? Let me know which piece of furniture in this room you'd like to take back with you.

Minister Vignes: I'd like to raise the question of support for the candidates for election as OAS Secretary General.

The Secretary: We only know of the official candidates. We want to see how the first few votes go. For whom will you vote?

Minister Vignes: On the first ballot, and the first ballot only, we'll vote for Sapena Pastor. This is because of a commitment President Perón made personally to President Stroessner. In the second round, we'll vote for the Argentine candidate, who will be nominated by another country. We expect Sapena Pastor to receive no more than five votes on the first ballot.

The Secretary: We won't support anyone on the first ballot unless someone nominates me.

Minister Vignes: Will you support the Argentine candidate on the second round?

The Secretary: We won't oppose him. We won't support anyone else, and we won't organize votes for any candidate. We'd like to wait until I have had a chance to talk to a few other Foreign Ministers. We'll talk about this again at the reception on Saturday. That should not be unhelpful to you.

Minister Vignes: The next Secretary General should be very active and capable of making the changes in the OAS that need to be made. He should be a good friend of the United States, and able to serve the interests of all of the members of the OAS. He must be independent from the influences of his own country and not reflect the political orientation of his government.

The Secretary: If a reasonable consensus emerges, we won't oppose it. I don't want to make a positive commitment before talking to others but at a minimum you will have our neutrality. We'll do nothing against your candidate, and it may be that we will be able to do more. I'll talk to you again on Saturday evening, and I won't make a decision until after that.

Minister Vignes: The new Secretary General should not reflect a trend to the left.

The Secretary: I agree.

Minister Vignes: We think that is important.

The Secretary (proposing toast): Mr. Minister, personal friendship means much to me, and I am very pleased to recall how pleasant everything went when we met in Mexico. There is a strong special relationship between our two countries. We are interested in strengthening our relations with Latin America, and Argentina occupies a

crucial place in these relations. I propose a toast to the continued friendship of our two peoples and governments.

Minister Vignes (responding): I was also pleased at our meeting in Mexico, Mr. Secretary, and at our meeting here in Washington. The solidarity of our two governments is at an optimum level, and there is a sincere friendship between our two countries. I propose a toast to the maintenance of our mutually beneficial relations, and to your personal happiness, Mr. Secretary, and to that of Mrs. Kissinger.

The Secretary: I agree with the guidelines you have set forth, that the new Secretary General should not be too far to the left, and that he should have a position of some independence. After talking to the others, we won't do anything until I talk to you again. I can see no circumstances in which we would oppose the Argentine candidate.

Minister Vignes: Fine. What about the airlines?

The Secretary: I don't know anything about that. Perhaps that is a subject Mr. Rogers or the Country Director deals with.

Ambassador Orfila: There are negotiations for frequencies and the treatment of the airlines involved on both sides. We found some rigidities on the part of both countries in dealing with these problems. We want to do our best to become more flexible and we hope you will do the same.

The Secretary: I haven't looked into this, but we'll do the best we can.

Minister Vignes: I'd also like to mention the Malvinas. We are engaged in negotiations with Great Britain about these islands, which have only 1,800 inhabitants. We consider this a remnant of colonialism in our hemisphere.

The Secretary: Do we have a consulate there? There are lots of people I'd like to send there.

Minister Vignes: There was a statement about the Malvinas that was drafted in Buenos Aires that was to have been included in the joint communiqué issued at the end of your visit to Argentina. We were pleased by the language in the statement, and we hope it can be issued.

The Secretary: We'll see what can be done. Can we do that in August?

Ambassador Mailliard: You don't intend to raise the Malvinas in the OASGA, do you?

Minister Vignes: No. If someone else raises issues of that kind, then we would have to say something about the Malvinas, but we don't intend to initiate the subject.

The Secretary: Do you think the Panama Canal negotiations will be raised?

Minister Vignes: Yes, but only to request a report on the progress of the negotiations.

Ambassador Mailliard: Foreign Minister Tack wanted the Secretary to know that Panama has no intention of raising a fuss about this at the OASGA. He is having lunch with Ambassador Bunker today.

The Secretary: We have a difficult domestic situation. It won't do Tack any good to get an agreement with us if Congress objects to it, so we have to bring Congress along with us, and that isn't easy. We're trying to get a treaty negotiated as soon as possible.

Ambassador Orfila: There is the question of credit for Argentina and statements about Argentina's credit worthiness. I have had two letters from the Comptroller of the Currency about this, and he seems to agree that Argentina is not a "problematic" country as far as credit is concerned. Nevertheless, the examiners of the Federal Reserve District of New York continue to list Argentina as "problematical", and they are under the jurisdiction of the Comptroller of the Currency.

The Secretary: I'll talk to Secretary Simon about it this afternoon. I don't know what can be done about it.

Minister Vignes: Our negotiations with Chile are very delicate. There was an agreement in 1971 to refer the Beagle Channel boundary dispute to arbitration, but this was not well received by Argentine public opinion. There was a military government in power in Argentina at that time, but now there is a democratic government with popular support. I've attempted to suggest a direct agreement between Argentina and Chile to avoid arbitration. An arbitrator could decide against the interests of either country. We have to undertake an internal dialogue about this. We may have trouble with our Congress.

The Secretary: We welcome the improvement of relations between Argentina and Chile, as evidenced by the recent meeting of President Pinochet and President Perón in Argentina. We don't think it desirable to ostracize Chile.

Minister Vignes: Nor any other country in the hemisphere. That is the reason we reacted against the attempt yesterday to make decisions about OASGA matters without having the United States present.

28. Telegram 6087 From the Embassy in Argentina to the Department of State¹

Buenos Aires, September 10, 1975, 1900Z.

6087. Subject: Analysis of Political Situation in Wake of Military Crisis. Refs: A) BA-5781 and B) BA-5950.

1. Summary: The outcome of the recent military crisis (see Ref A) pointed up clearly that real political power no longer resides with the President. At this point, whether or not she remains as President is a question of almost academic interest. There is a power vacuum at the center and it is not she who will fill it; hence, whether she remains as figurehead President for yet some time, or whether a new government headed by Luder or someone like him takes over from her, Mrs. Perón is no longer at the center of the equation. Others must try to fill the vacuum, and in so doing turn the economy around, come to grips with rampant terrorism and myriad other problems. A civilian/constitutional solution cannot be discounted. Indeed, that is what almost everyone in Argentina hopes for—including the Armed Forces. The magnitude of the problems and tenuousness of the mandate, however, are such that the civilians who try to fill the vacuum will have no better than a 40/60 chance of succeeding and getting through to the 1977 elections. The country may have moved too far towards collapse to now be saved by a weak, patch-work government—even if it be a constitutional one. The dynamics of the situation are such as to make it likely (though not yet inevitable) that the Armed Forces will at some point have to step in, whether or not they want to and whether they do so directly or indirectly. They would be the only strong, cohesive sector left to fill the vacuum (the other powerful sector—labor—being too fragmented and poorly led to do so). The officers who are likely to play key roles are moderate conservatives, and are reasonably well inclined towards the US. There is not likely, then, to be a new Portugal

¹ Summary: Hill analyzed the political situation in Argentina in the wake of a recent military crisis.

Source: National Archives, RG 59, Central Foreign Policy File, D750313-0944. Secret. Repeated to Brasília, La Paz, Montevideo, Santiago, Asunción, USCINCSO for POLAD, and DIA. In telegram 5736 from Buenos Aires, August 27, the Embassy reported that Perón had defied the will of the Armed Forces by refusing the resignation of Army CINC General Numa Laplane. (Ibid., D750295-0966) On August 28, the Army forced Perón to accept the resignation and replace Numa Laplane with Videla, ending the crisis. (Telegrams 5781 and 5820 from Buenos Aires, August 28 and 29; *ibid.*, D750298-0433 and D750299-1087) On September 13, Luder became provisional President in order to allow Perón to recover from an illness. (Telegram 6147 from Buenos Aires, September 12; *ibid.*, D750316-0939) On October 16, Perón resumed office as President. (Telegram 6749 from Buenos Aires, October 9; *ibid.*, D750351-0473)

here. However, whether the military can do any better than the civilians in solving the country's basic problems remains to be seen. They will have the strength and authority to do so, but their record of problem solving over the past 45 years is not inspiring. Should they too fail, a vacuum of serious proportions would be created and frustrations reach dangerous levels. Under those circumstances, extremes would become "thinkable," whether from the right or the left. End summary.

2. Mrs. Perón and the power vacuum. The recent military crisis pointed up again that it is not Mrs. Perón who commands. Labor had earlier faced her down, forcing her to honor collective bargaining and get rid of Lopez Rega, after she had said she would not. The Congress also defied her, and won, electing a provisional President of the Senate against her wishes and ousting Lastiri from the Chamber of Deputies. Even her minor victory in having Toranzo rather than Osella Munoz elected to replace Lastiri was a pyrrhic one which served only to split her party even further and contributed to the undermining of Antonio Benitez, the strongest figure in her Cabinet. Now the Armed Forces have imposed their demands against her expressed will. In the final analysis, they could make their decisions stick. She could not. Further, she is embattled on other fronts. Her own party is split, with at least a strong minority (and possibly even a majority) opposed to her. The check scandal (see Ref B) refuses to die and there are possible new charges against her having to do with a reported marriage previous to her bonds with Perón. In sum, Mrs. Perón's authority and image have been irretrievably undermined.

3. Mrs. Perón sticks with Lopez Rega to the end, with predictable results. This need not have been but comes as no surprise. Mrs. Perón's only chance, once Lopez Rega was ousted, was to make a fresh start, disassociating herself from him and appointing Ministers not identified with him. Given the tenacity with which she had stuck by Lopez Rega, however, few expected that she would do so. Indeed, many had expected that she would resign shortly after Lopez Rega. That she did not do the one may have had to do with the other. In other words, she may well have stayed on at Lopez Rega's request, thus keeping one foot in the door for him. Certainly she has defended his interests and fought for his adherents every inch of the way, trying first to hang on to Rodrigo, and then to the Villones, Condity, Vignes and others. At this point, however, the game appears to be up. The Lopez Registas have been pretty well cleaned out of the government, and Mrs. Perón certainly cannot keep any doors open. The problem, however, is that Mrs. Perón may not realize that the game is up. The realities of the situation suggest that she leave the Presidency, but she just may not perceive it that way.

4. Power vacuum to be filled. As stated above, even if she stays on as President, someone else must fill the vacuum. Attention should

therefore be focused on that rather than upon the question of whether or not she goes, a question which has to do only with the form and not the substance of what fills the vacuum. If she stays on for awhile, the strongest of her Cabinet Ministers will probably run the government—in something of a repetition of Benitez's minicabinet. Who those Ministers may be remains to be seen. At the moment, Cafiero is the only strong figure in the Cabinet, and his failure to come back from the US with more than expressions of sympathy may hurt his position too.

5. If Mrs. Perón resigns (or is forced to resign), the Congress will elect a new President to serve out her term—or attempt to do so. Earlier on, Luder had the inside track. More recently, he has lost some ground and there is increasing talk of BA Governor Vicente Calabro as a possibility. Even so, the odds at this point must remain on Luder.

6. Whoever fills the power vacuum (assuming that someone does), they will need the strong support of the Armed Forces and at least the tacit support of labor. The first will be easier to secure than the second, for labor is not likely to be enthusiastic about the kind of financial restraints which must be applied if the economy is to be turned around. Casildo Herreras and other leaders may talk of going along with the government, but they know full well that the rank and file will follow them only so far. On bread and butter issues, their maneuver room is tightly limited. It is likely to take something more forceful than back-room politicking to keep labor in line—and whether a civilian government (be it Mrs. Perón's, Luder's or someone else's) would have that force is an open question. Further, a year of Lopez Reguismo had disastrous results for the unity of the body politic. The consensus which had existed while Perón was alive has been replaced by extreme fragmentation. This is especially true in the Peronist party. There, divisions, animosities and sheer jockeying for position have become intense—and there is no Juan Domingo Perón to bring it under control. Mrs. Perón cannot. It is doubtful that Luder, Robledo, or any of the other Peronist players at this point could either. Thus, the fundamental power base of any Peronist government may be too tenuous to enable it to deal effectively with the two most serious and basic problems the country faces: A) economic malaise, and B) rampant terrorism.

7. The military. The Armed Forces, on the other hand, have emerged from the recent crisis over Damasco's appointment (see Ref A) more united than they have been since 1973. Since May of that year, the Army has been commanded by generals who believed it should cooperate closely with the government. Carcagno was politically minded and tried to be more populist than the Peronists. Laplane also represented the "populist" tendency and was sympathetic to Peronismo. He pushed a form of professionalism "at the service of and integrated with the government's programs and policies." All three commanders, Car-

cagno, Laplane and even Anaya (though, admittedly, he to a much lesser degree), had one foot in the government's camp even though they represented first and foremost the Army. This produced a certain amount of split vision on the part of the leadership and confusion below them as to what was expected of the Army. With the conclusion of the recent crisis, this is no longer the case. The overwhelming majority of officers lined up against Laplane and Damasco (who also represented the "populist" line). Those who supported the latter were by and large retired. The Army now stands highly unified and sure of itself. The dominant line around which it has united is one led by officers of a traditionalist/moderately conservative stripe. They are not golpistas. On the contrary, Army CINC Videla is more insistent on straight professionalism than were his predecessors. They do not wish to enter the political arena—let alone take power. But neither do they have any ties of sympathy to the Peronist government. Videla represents the Army (and, thus, the Armed Forces) first, foremost and only, and he sees the role of the Armed Forces as being one of defending and guaranteeing the nation and the constitution.

8. Even though divisions have been largely overcome, no trigger mechanism for intervention has been activated. On the contrary, the Armed Forces remain opposed to intervention—or perhaps better said, they do not *rpt* not want to take power unless and until there is no other alternative.

9. This gives evidence that the Argentine military have changed. Either they are more democratically minded and dedicated to the constitution than they were ten years ago, or they are more politically astute, or both. They will, then, move in only reluctantly. As suggested above, however, given the power vacuum, the weakness of what might fill it short of the military, and the increasing magnitude of the problems faced, there may well be no alternative. This is not to say, however, that the military must necessarily put generals in the executive offices. They might, if they can find acceptable figures to front for them, prefer a "Guido solution"—i.e. a civilian President controlled by the military. Even so, the Armed Forces would still be running the country.

10. Since the military are likely to move only as a last resort, the situation they take over would likely be an unsettled one. To impose order, they would probably use a heavy hand, and at least initially would not likely brook much opposition to the economic and political measures they deemed necessary. The "populist" line in the Armed Forces was defeated in the recent crisis. Indeed, it was shown to have very little strength. The generals who might take over in the future are moderate conservatives. They certainly would not open the way to the left, à la Portugal. On the contrary, they are more likely to crack down on the left. They would doubtless try to reach some understand-

ing with the labor leadership, but the interests of the two institutions are not in concert. The Armed Forces would stand on the side of economic austerity. Labor would not. Hence, there is little basis for an understanding; rather, relations between the two would probably more closely resemble those of the Lanusse period—i.e. labor held in line by both carrot and stick, and probably more of the latter than the former. (See septel for additional analysis of possibilities of a labor-military alliance.)

11. No guarantee of military success. Even assuming that the Armed Forces do at some point move in to fill the power vacuum which now exists, there is no assurance that they would fare much better than the civilian politicians in coming to grips with the country's basic ills. With respect to the terrorists, for example, it should not be forgotten that prior to 1973 the military had a free hand in trying to wipe them out—with no success. On the economic side, too, there are doubts as to the military's ability to cope. They understand the need for austerity but whether or not they perceive and could treat effectively the root ills is doubtful. Their record under Lanusse in this regard was not inspiring. Further, there is an open question as to whether or not they would in the final analysis have the stomach to take strong repressive measures against labor should the latter rebel against austerity measures. The mood of the generals now in control suggests that they would, but that could change quickly when faced with the act rather than the thought.

12. What happens if the military fails? If the civilian/constitutionalist forces fail in their efforts to stabilize the country, there will be a turn to the military. Should the military themselves fail, the consequences would be more serious. Frustrations would mount to dangerous levels, and normally moderate Argentines might begin thinking of extreme solutions. The door just might then be opened to the left—though given the number of old-line fascists still lurking in Argentina, one neither could not discount the possibility of some sort of right-wing dictatorship. There are some junior and field grade officers in the Army and Air Force who might support a leftist solution. There are even more, however, who, if it came to that, would favor a rightist rather than a leftist dictatorship.

13. Role of terrorism. Terrorism—along with a faltering economy—will continue to be one of the most serious and immediate problems any government must face. The terrorists have little popular support but their influence is widely spread throughout the country. At this point, they do not have the capability to overthrow the government and take power. Their actions have, however, already interrupted the normal flow of economic and political life in Argentina. To demonstrate that it is effective, any government, whether civilian or military, must

reverse the tide. Mrs. Perón's has so far been unable to do so—a factor which has contributed to the undermining of her position. The terrorists do, then, have some degree of impact upon a government's durability. Should the military take power and also fail to stabilize the country, the terrorists might have the capability to carry the extreme left to power—though it would take the worst of all possible contingencies for this to happen.

14. Why should the US care? The US has important interests in Argentina. The most tangible are in the form of about 1.5 billion dollars of private investment we have here. Less tangible, but no less important, are a number of political considerations. Argentina is one of the four largest and wealthiest countries in Latin America. It dominates the Southern Cone and continues to have marked influence in the OAS. If led by a moderate, responsible government favorably disposed to US, it could be of great assistance in working out more viable hemispheric relationships—as indeed under FonMin Vignes it did play a helpful role from Tlatelolco until its internal disarray became acute earlier this year. A disoriented Argentina under irresponsible and hostile leadership, on the other hand, could create serious problems for our whole hemispheric position—both in the OAS and otherwise. For example, Argentina is ahead of all other LA states in nuclear development and could build a nuclear device if the GOA so chose. Given the traditional and at times emotional rivalry with Brazil, which could also build a bomb, the ingredients for a dangerous arms race are there—to be activated should either side behave irresponsibly. This would complicate enormously our relations with both and our position in the rest of the hemisphere.

15. Future role in the North-South equation. On the world stage, too, a stable Argentina led by a responsible, friendly government could play an important role in helping to forge a more harmonious world order, which we have defined across the board as being in our interests. Its position as one of the world's major food exporters militates in favor of such a role. Even more so perhaps does its almost unique position as a bridge between developed and poor nations. Ethnically European and a basically wealthy country (even though its economy is temporarily in a state of disarray), Argentina is at the same time a participating member of the Third World. It is, then, in a position to perceive and understand the points of view of both. Argentina could do much to interpret the views of the two sides, one to the other, and to influence Third World positions in more responsible directions. It must have a firmer domestic base, of course, before it can play such a role, but the potential is there and could be extremely useful to us in the future.

16. What can the US do? The above are reasons why the US should wish to see stable, responsible government in Argentina. With it, Argentina could be a valuable partner. A breakdown which might open the

way to extremes, on the other hand, would threaten the loss of American investments and create serious problems for us here and in the rest of the hemisphere. At the moment, the situation is in between. The government is unstable and is too beset by internal problems to be an effective partner in international endeavors. The worst, however, appears to be still several stages further down the road. Hopefully, Argentina will never get there, but given the rate of deterioration over the past six months, no one can be overly sanguine. There is little the US can do which will significantly affect the outcome here. We can encourage them and perhaps reward movement in the right direction with moral and economic support. We must be alert to take advantage of such opportunities. Basically, however, it is up to the Argentines to put their own house in order. If they cannot do it, no one can do it for them.

Hill

29. Memorandum of Conversation¹

New York, September 28, 1975, 11:40 a.m.–12:05 p.m.

SUBJECT

Secretary's Meeting with Argentine Foreign Minister

PARTICIPANTS

Argentina

Angel Robledo, Argentine Foreign Minister

Rafael Vasquez, Argentine Ambassador

Carlos Ortiz de Rosas, Argentine Ambassador to UN

¹ Summary: In a meeting with Foreign Minister Robledo, Kissinger stated that U.S. policy toward Latin America would focus increasingly on relations with Argentina and a small number of other key countries rather than on the region as a whole.

Source: National Archives, RG 59, Central Foreign Policy File, P820125–0019. Confidential; Nodis. Drafted by Bartch and approved in S on October 21. The meeting was held at the U.S. Mission to the United Nations. In Kissinger and Robledo's previous meeting in New York, September 23, Kissinger stated that he was coming to believe that the United States should "pay particular attention to two or three key countries [in Latin America] and be generally helpful to the others." Robledo proposed setting up informal working groups in Argentina and the United States to study the possibility of establishing economic, cultural, and technological exchanges. The Foreign Minister also stated that the Argentine Government was planning to place greater emphasis on measures to fight subversion. (Telegram Secto 13024 from USUN, September 23; *ibid.*, D750331–0908)

U.S.

The Secretary

William D. Rogers, Assistant Secretary, ARA

Carl E. Bartsch, Country Director, ARA/ARU

The Secretary: When do you return to Argentina?

Minister Robledo: Tomorrow evening.

The Secretary: We were talking about a number of steps we could take, the last time we met.

Minister Robledo: I think there are some fundamental things we could do. Perhaps one of them is to frame our relations within the broad projection of Latin American policy. Not the policy of Latin American integration, but the policy you defined as emphasizing relations with three or four countries in the area. Our first priority is the question of stability, especially with regard to the guerrilla problem. The guerrillas are part of an external process; that is, all of their practical direction is received from the outside, especially their ideological direction, corresponding to an international plan. We are going to fight them aggressively, and not only by taking repressive measures, but fundamentally, within our whole nation and society. To this end, we believe it necessary to undertake a great public information effort in all popular sectors within the country. Within this context, we shall have to provide a new meaning, to renew the significance of the meaning of relations with the United States. This is necessary also because of the image the United States projects throughout the world as a great stabilizing force. To accomplish this, it would be useful for the U.S. Government or the Department of State to issue a public statement expressing your sympathy and support for the survival of constitutional and democratic institutions, and also for the authentic participation of the majority of the people in the political process. Naturally, this should refer specifically to the Argentine case. We believe a declaration of that kind would help create a good climate within the U.S. and international financial institutions. In addition, this would be interpreted as a good gesture toward relations with Latin America. At present, the United States receives the support of certain sectors in Latin America, but these are minority sectors; and I think we have to project an image attractive to the majorities.

The Secretary: Do you think my remarks at the Latin American luncheon next Tuesday would be an appropriate occasion for such a declaration?

Mr. Rogers: Perhaps a brief statement today, after you have concluded your meeting with the Minister.

The Secretary: I could insert a few sentences in my toast at the luncheon.

Minister Robledo: It is important that the declaration receive coverage in our local press.

The Secretary: Is it better to say something today or Tuesday?

Ambassador Ortiz: The Minister believes it would be better to issue a declaration today. It would not be fair to the other Latin American nations who will be represented at the Tuesday luncheon to say something only about Argentina.

The Secretary: OK, we'll do it today. This will appeal to the missionary instinct of the Latin American Bureau. After a few years with the Department, I am more qualified to head a church than a foreign office. My associates like to reform other countries, especially allied countries, because it is too dangerous to try to reform unfriendly countries.

Mr. Rogers: You are bucking for Pope.

The Secretary: Yes. The work is steady and there are no press conferences.

Minister Robledo: Yes, it is easier in church.

The Secretary: I think I have more talent to be a renaissance Pope than a modern one.

Ambassador Ortiz: Especially because the procedures for electing Popes were much easier in those days, before the College of Cardinals prescribed present methods.

Minister Robledo: I think it is important to demonstrate a new approach which will be extremely valuable to Latin American policy, reflecting a greater effort to become closer in our relations, using fewer labels, such as the "Good Neighbors" and other slogans. We have always had labels of this kind in the past, but the results have not measured up to the hopes they engendered. At the present time I believe we should take the first practical steps to implement a new policy and only consider expectations later.

The Secretary: As I said in our previous conversation, the traditional U.S. approach to Latin America is no longer going to be possible. I don't think it is possible to find one policy that applies to all of Latin America and one label for that policy. The interests of the various countries are too different. Except for language, Nicaragua has no more to do with Argentina than with us, and in many respects less. What we are going to do is to concentrate on a few key countries, and not have any label, such as the "New Dialogue," and say that takes care of everybody. And of course we place great stress on our relations with Argentina for many reasons including the fact that the world football matches will be held there in 1978, and I will need free tickets. I know Argentina will win, because otherwise it will take an army division to protect the winners. There is a limit to heroism. I talked to your predecessor about means of improving our relations with Argentina and there are even more urgent reasons for doing so today.

Ambassador Ortiz: This conception that you have relates to Argentina's long-standing aspirations. It was discussed with President Kennedy in Palm Beach, the idea that the United States ought to establish especially close relations with four key countries in Latin America, and concentrate its efforts on them.

The Secretary: Which ones?

Ambassador Ortiz: About the same ones as now. Argentina, Brazil, and now Venezuela, and perhaps Peru or some other country on the Pacific coast. This would be important for the national interests of these countries, and would contribute to the prosperity and stability of their neighbors.

Minister Robledo: I think we should start working to create a climate of intensified cooperation and publicize our intentions in Argentina. Mr. Secretary, we don't want to take up any more of your time.

The Secretary: I have found when a general statement is made, it is important to have it translated into specific form. I think we should find a way to exchange ideas on what should be done because otherwise with the pressure of work each of us has the momentum may be lost.

Minister Robledo: We are sending a memorandum with a few suggestions regarding specific matters, including the efforts we are making with international and U.S. financial institutions. We are going through a very difficult financial period. Our economic problems will be resolved with our own means and by our own efforts. We will need a relaxation in the due dates for certain loans that are becoming due. In principle these requests are being accepted and are being resolved in a spirit of good will in Washington.

The Secretary: Treasury working with good will? Secretary Simon is a diplomatic master. I can't get him to show good will in working with me.

Minister Robledo: We are also interested in the informal working groups we discussed.

The Secretary: Yes. I decided to go ahead with that the other day.

Ambassador Vasquez: We have already had talks with the Department about that last Friday, and we will continue our efforts.

Minister Robledo: I believe we are creating conditions that will enhance our relations and resolve our problems, by taking action on (1) economic and financial matters, (2) informal working groups, and (3) the declaration we spoke of earlier today.

The Secretary: We have a great interest in Argentina's stability and development, and in a strong Argentina. We want to maintain good relations, so it is up to us to find a way to implement our intentions.

Minister Robledo: I have great confidence the means will be found.

The Secretary: Thanks for your confidence.

Minister Robledo: When may we expect to see you in Argentina?

The Secretary: I have had to postpone several visits to Latin America, and I have decided that I never will be able to get away long enough to do it all in one trip. So I hope to make two shorter visits, one in November and the other in February, and I intend to include Argentina.

Minister Robledo: Then I'll see you in Buenos Aires.

The Secretary: Yes.

30. Telegram 8179 From the Embassy in Argentina to the Department of State¹

Buenos Aires, December 16, 1975, 1433Z.

8179. For Assistant Secretary Rogers from Ambassador Hill. Subject: Suggestions for Bettering Relations Within Latin America With Special Emphasis on Argentina. Ref: State 282526.

1. As indicated in the recent CASP, the turmoil and uncertainty through which Argentina is now passing dictate a low US profile. It is not a good time for major initiatives in US-Argentine relations. We are in something of a holding pattern until we can foresee the likely outcome of events here. This holding action, however, does not mean that we should simply write Argentina off. It is a country with great potential, and could be an enormous bread basket if its resources were properly utilized. I would therefore urge that the working groups in Washington and here should go forward. We should, for example, continue to work toward expansion of US-Argentine trade, with our principal efforts focused in these working groups.

¹ Summary: Hill stated that the United States should maintain a low profile in Argentina because of the political uncertainty that the country was experiencing. The Ambassador added that the U.S. Government should take care not to give the impression that it did not consider Argentina to be one of the key countries in Latin America.

Source: National Archives, RG 59, Central Foreign Policy File, D750436-1166. Secret; Immediate; Exdis. The Embassy sent its submission for the Country Analysis and Strategy Paper (CASP) for Argentina in airgram A-223, October 28. (Ibid., P750165-2294) In telegram 282526 to all American Republic diplomatic posts, December 1, Rogers asked Ambassadors in the region to suggest actions that the United States might take to improve relations with the nations of the hemisphere. (Ibid., D750417-0263)

2. In any case we should not rpt not give the Argentines the impression that because of their economic and political problems, we no longer count them among the important, or key, countries of Latin America.

3. One positive action we could take would be to expand the flow of visitors in both directions. Many Argentines in leadership positions know all too little about the US. We should therefore encourage more high-level visitors from Argentina and expand our exchange program generally. At an appropriate time, moreover, I would hope we could encourage the exchange of congressional visits from both houses.

4. Finally, with respect to the rest of the hemisphere as well as to Argentina, I would suggest that we begin now to map out a series of Presidential visits as well as visits by the Secretary of State, Secretary of Treasury, and perhaps other Cabinet officers. These need not take place immediately but should be carefully planned and spaced over the four year Presidential term.

Hill

31. Telegram 8233 From the Embassy in Argentina to the Department of State¹

Buenos Aires, December 18, 1975, 1220Z.

8233. Subject: Further Analysis of Argentine Turmoil. Ref: (A) BA 8055; (B) BA 7681; (C) BA 7229; (D) BA 6087; (E) A-248 of December 1, 1975.

¹ Summary: The Embassy analyzed the political turmoil in Argentina, concluding that a military takeover of the country was likely.

Source: National Archives, RG 59, Central Foreign Policy File, D750440–0355. Confidential; Priority. Repeated to Asunción, Brasília, La Paz, Montevideo, Santiago, and DIA. Telegram 6087 from Buenos Aires, September 10, is Document 28. In telegram 7681 from Buenos Aires, November 21, the Embassy reported that while Perón had diverted the momentum against her by abandoning some of her previous intransigence, the government remained paralyzed, with a power vacuum at the top. (National Archives, RG 59, Central Foreign Policy File, D750406–0829) In telegram 7691 from Buenos Aires, November 21, the Embassy reported on the increasing involvement of the Armed Forces in fighting subversives, observing that “no security force in the world has had much luck in struggle against terrorists when govt it was defending was corrupt and discredited, as is Mrs. Peron’s. In struggle against terrorists, Armed Forces are put in uncomfortable position of defending an entity they themselves abhor.” (Ibid., D750407–0997) In telegram 8055 from Buenos Aires, December 10, the Embassy reported that the military had apparently decided not to intervene in politics for the time being. (Ibid., D750429–0866)

1. Summary: Odds are still on the side of a military takeover—even if it takes place after first of year—unless civilian politicians can come up with a solution of their own. Civilians continue to talk of various scenarios which might produce such solution but since so far all seem to hinge on Mrs. Perón's voluntarily resigning or taking back seat—which she gives no evidence of being willing to do—none can yet be taken very seriously. Whether country gets through to elections or whether military take over, a new and dangerous ingredient is seen in growing alienation of Labor rank and file from leadership and in efforts of extreme left to take advantage of resulting gap. Chances that extreme left just might have future opportunity to seize power are thus enhanced. End summary.

2. Ever since Lopez Rega was ousted in July, Mrs. Perón's days have seemed to be numbered. While one could speak of a power vacuum even prior to her entry into the hospital on November 3, subsequent to that date it has become near complete. Mrs. Perón displays more insouciance than concern. She is spending only a few hours per week at the Casa Rosada and has left the government virtually paralyzed. As one visiting American newsman put it only half in jest: "There has been no government in Argentina for the past several months. Thus, if the country gets through to elections with Mrs. Perón still in office that will simply prove that it doesn't need a government, so why hold elections at all?"

3. With the vacuum having become so marked, by all logic the other shoe should have dropped some time ago—i.e., the dynamics of the situation should have led Mrs. Perón to resign or should have led to her ouster. That this has not happened—at least not yet—is evidence of an encouraging change in attitudes. It demonstrates a stronger will toward constitutionalism than existed in the past, and it shows that the Argentine military have matured. Were this ten years ago, there would have long ago been tanks in the streets and a general in the Casa Rosada. But today, they are resisting the temptation to intervene, not only because they were badly burned in the 1966–73 period and do not want to reassume the responsibility for governing the country, but also because they too wish to stay within the constitutional bounds.

4. A greater will toward constitutionalism does not, however, fill or alter the existing vacuum of power—and that vacuum cannot continue indefinitely. The Armed Forces would prefer a constitutional solution, but in the absence of one, they will probably step in themselves. The decision of the December 5 meeting of general officers to hold off for now apparently was even more tenuous in nature than it appeared at the time (see Ref A). Several military contacts, who had previously downplayed the possibility of a coup, have, since December 5, suddenly shifted over to describing a coup as "inevitable." Timing has not yet

been determined, but most observers expect the military to act before March. The theory advanced by some observers that the military will not intervene in what may be an election year overlooks the fact that the military are beginning to have grave doubts that the elections would solve anything anyway. They, and many opposition politicians, are reaching the conclusion that no matter how much Peronism fragments, one or another of its segments would probably win the next elections, not with 62 percent of the vote as in September of 1973, but with 30 percent or so, which would still be more than the UCR's traditional 25 percent. Thus, one Lt. Col. recently remarked to EmbOff: "Why wait until elections which will simply perpetuate the failure which is already apparent? Better to move now."

5. The odds, then, remain in favor of military intervention, unless rpt unless the civilian politicians are able to produce some kind of solution or mechanism to fill the vacuum. As the UCR's Antonio Troccoli put it to EmbOff several days ago: "We must have a card of our own to play if we are to keep the military from claiming the pot." Until November 17, the civilian politicians had seemed on the verge of playing such a card—i.e., by demanding that Mrs. Perón step aside. She disarmed that initiative (see Ref B) and a new one has not yet developed. One may be, in the form of an effort on the part of the Peronists to heal their splits and lever Mrs. Perón to one side. Raul Lastiri last week met secretly with Antiverticalista leaders Enrique Osella Munoz and Luis Rubeo to discuss how this might be done. According to a well placed Peronist who was present at the meeting, Lastiri agreed to bring Lorenzo Miguel into the effort and, again according to source, latter subsequently accepted. We note that just after this Lorenzo Miguel instructed Labor Deputies in Congress to try to make peace with and reintegrate the break-away "working group."

6. According to source, main outline of "solution" discussed by Lastiri and Osella Munoz would be following: A) Verticalistas would agree to Antiverticalista demands that democratic elections be held within Peronist Party this spring and officers elected by members themselves rather than named from above as in the past. B) Entire Cabinet will be changed and figures respected by both sides will be named to replace present incumbents. C) Mrs. Perón must either go on leave or long mission abroad, or she must accept ceremonial role while real executive authority is exercised by a council of advisors made up of most eminent and respected Peronists such as Alberto Rocamora and Roberto Ares. And D) consensus based on dialogue with other parties—and especially with UCR—must again become keystone of government's policies. Source described UCR's Balbin as not only privy to but as a "silent partner" in the Lastiri-Osella Munoz initiative.

7. If the steps described above could in fact be taken they might produce a viable situation. At the moment, however, one cannot be

overly sanguine concerning the prospects. Divisions and animosities are deep and will not be easily overcome. Indeed, many observers doubt that they can be overcome at all at this point. Moreover, while Lastiri may be amenable, other Verticalistas may not be. Source insisted that Lastiri had talked to Mrs. Perón about the project, but there is no evidence that she supports it and would be willing to acquiesce. If she is not, then this scheme, as have previous ones, would founder on Mrs. Perón's own stubbornness.

8. Whether the civilians are able to forge a solution and manage to make it through to elections, or whether the military take over, as at this point seems more likely, there is one ingredient which may produce a more unstable and dangerous situation than foreseen in our last major assessments (see Refs C and D). That is, Labor can no longer be counted on to follow the decisions and policies of its leaders. Increasingly, there is a gap between the leaders and the rank and file, and, as indicated in Ref E (A-248 is a key document and should be read carefully, even though it is an airgram), the far left is trying, with some success, to take advantage of this void. Thus, should the military take over, they might well not be able to control labor simply by making a deal with the leaders, as they did in 1966. They may have to use force. Civilian leaders, even be they Peronists, may find it increasingly difficult to control Labor at all. Further, leftist inroads in the Labor movement would certainly increase the chances that the far left might be able to exploit the frustrations and increased divisions which would result should the Armed Forces too, after having taken power, fail to come to grips with the country's political and economic problems—i.e., should they not rule well.

9. As stated in Ref D, the possibility of an extreme leftist takeover is still several steps further along the road—and it is still only a possibility. However, in view of the situation described in A-248, it does not seem so remote a possibility. On the contrary, it is one which must be taken seriously and watched most carefully.

Hill

32. Telegram 660 From the Embassy in Argentina to the Department of State¹

Buenos Aires, January 30, 1976, 2105Z.

660. Subject: Argentine Perceptions of the US. Ref: State 010605. For Assistant Secretary Rogers from Ambassador Hill.

1. Argentine perceptions of its relationship with the US have changed markedly over the past three years. During Campora's brief turn in the Presidency, Argentina saw itself as the rival of the US and Brazil for hemispheric leadership. It was not so quixotic, even then, as to believe this rivalry could be articulated in military or economic terms; rather, it was posited on the assumption that other Spanish speaking nations of the hemisphere would turn naturally to a strong Argentina as their champion against the US and Portuguese-speaking Brazil—especially if Argentina adopted a posture of confronting the two.

2. With Campora's ouster and Perón's assumption of the Presidency, this conflict model gave way quickly to a policy of close cooperation with the US. Perón, and even more so his Foreign Minister, Vignes, believed that while Argentina should maintain an independent policy line—including membership in the Third World—she could gain far more from cooperation than from confrontation with the US. In time, Argentina's whole approach to the hemispheric equation came to be built around the conviction that there should be a Washington-Buenos Aires axis—an axis which would dilute the lines between Washington and Brasilia and at the same time validate Argentina's own leadership pretensions. The Kissinger-Vignes relationship became the core factor of Argentine foreign policy, outliving Perón, who died in July of 1974. US-Argentine relations during this two-year period (more or less from July of 1973 until July of 1975) were as good as and probably better than they had been for many years.

3. Almost from the death of Perón forward, however, Argentine policy began to be troubled by internal contradictions. Its success depended upon a solid domestic base—a resurgent Argentine. With that base becoming, on the contrary, ever more insecure and with Mrs.

¹ Summary: In an analysis of Argentine perceptions of the United States, Hill reviewed U.S.-Argentine relations since 1973 and noted that internal turmoil had deprived Argentina of its ability to forge a coherent foreign policy.

Source: National Archives, RG 59, Central Foreign Policy File, D760036–0529. Secret; Immediate. Repeated to Brasília, La Paz, Montevideo, Santiago, Asunción, and USCIN-CSO for POLAD. In telegram 10605, January 15, Rogers asked all American Republic diplomatic posts to comment on perceptions of the United States in their host countries. (Ibid., D760016–1144)

Perón unable to offer leadership even to her own party—let alone to the country or the rest of the hemisphere—Vignes's foreign policy was left dangling in air. With the intense political turmoil that began in June of 1975 and Vignes's ouster two months later, it collapsed altogether. Argentina is now too caught up in its internal strife to forge a strong, coherent foreign policy (though Quijano will probably do a much better job of trying than have his two immediate predecessors). Few Argentines still have any pretensions for leadership in the foreseeable future. And, while, all Foreign Ministers since Vignes have continued to say that good relations with the US are one of the cornerstones of their policies, there is no longer any far-reaching goal or global vision behind it. On the contrary, one now has the impression that Argentina is simply looking for a friend who can throw her a rope. Increasingly, the "what can we do together in the hemisphere" approach of Vignes is giving way to one of "you are our friends; can you bail us out when the time comes?" (though most Argentines know full well that neither the US nor anyone else can do much to help them until they themselves come up with a stable govt).

4. Implicit in the above analysis is the conclusion that if the US-Argentine equation has changed, it has done so either because the factors on the Argentine side have shifted, or because Argentina has adjusted its perception of what its relationship to the US should be. Basically, changes have not come about because of any Argentine perception of changing factors on the US side. Secretary Kissinger's failure to visit Argentina as planned last spring hurt their feelings and caused the Argentines to wonder about our sincerity, but it did not lead to any basic policy changes; rather, the policy collapsed several months later because of domestic factors here. Indeed, in Argentine calculations, the US has so far remained a relative constant. They did not understand Watergate and are puzzled by our inability to act in Angola. They believe we may have been relatively weakened by the series of traumas that have beset us, but the US is still the colossus of the north, and, to the extent that it is still based on any clear rationale, Argentine policy, whether friendly or hostile, must be addressed primarily to it.

5. This is not to say, however, that there are not nuances within that relative constant. Argentines have watched closely developments in the US—and in the US world position. They have opinions about those developments and how they may relate to Latin America. In time, these new perceptions could have real impact on Argentina's conceptual construct of its relationship with US. Given below are what we understand those perceptions to be. These are geared to A through J of para two of reftel.

6. Argentines generally see the US as weakened by the series of difficulties we have faced during the past few years. They were glad

to see us get out of Vietnam but still saw it as a US defeat. They do not understand why Congress is revealing US intelligence secrets and they perceive that this will inhibit our initiatives in a number of ways and perhaps embarrass our friends. On Watergate, Argentines are more ambiguous. Most seem to believe it showed American institutions and the democratic system were strong, but at the cost of leaving the US political scene in considerable disarray.

7. Vietnam did not cause most Argentines to question our ability to live up to international commitments. Most seemed to feel we had done all that was humanly possible in an impossible situation. The Thieu govt was seen as corrupt and unacceptable to its people. Commitments to it were not seen, therefore, as meaning much. Argentines saw the collapse as a defeat for the US but they were glad to see us get out since they hoped that would enable us to give more attention to other areas.

8. Argentines generally do not understand the differences between the administration and the Congress. Most remain convinced that the Executive branch can follow through if it really wishes to. The few sophisticated observers (largely North American experts in the Foreign Ministry, a few intellectuals and newspapermen) who do understand are worried. They see what happened to the trade bill and in Angola. In their minds, then, the administration's ability to follow through on commitments is in some doubt. Even they, however, have not yet drawn any definite conclusions and some feel this is a passing phenomenon which a new administration would be able to sort out quickly. Should administration's problems with Congress continue and new measures be blocked because of it, Argentines would indeed begin to wonder seriously about US dependability.

9. As suggested above, most Argentines do not understand the US political process. If things go wrong, they usually blame the Executive. Basically, however, it does not matter much to most Argentines which branch of govt is at fault. If commitments are not kept, the USG as a whole is blamed.

10. The traditional view prevails, but it may be changing. Argentina's willingness to cooperate with us and accept our security guarantees is still high, but it is falling and, if present trends continue in the US, will fall still further.

11. Thinking Argentines are concerned by the implications of Cuban involvement in Angola. Military men especially draw from it the lesson that Argentina needs a larger and more modern armed force to counter such Cuban capabilities. Military men are also beginning to wonder if what is happening in Angola means they cannot count on the US to help them against such a threat and they point out Angola is nearer Argentina than the US.

12. Argentina wavers between two poles with respect to bilateralism versus multilateralism. On the one hand, it has frequently alluded to the advantages of speaking with one voice, and it is a fully participating member of the OAS and SELA. On the other, it has generally preferred to deal with the US on a bilateral basis. This may have been because it saw itself as a key country with definite interests of its own to articulate—interests which it did not wish to see submerged in some multilateral forum or *démarche*. But at the same time there are a number of long-range interests which it believes might best be advanced through multilateral channels. One wonders if Argentina may not shift increasingly to the multilateral channel as its own position weakens and it feels its voice alone to have insufficient impact.

13. We do not believe Argentina's voting patterns have changed appreciably over the past two years—certainly not since 1973 when she first became officially associated with the Third World. To the extent that they have changed, this probably results from Argentine perceptions of what is to her advantage in the world at large, not from a changing perception of the US.

14. Embassy has no evidence that GOA turning away from US and to another nation for economic and political support. US continues to be a major trading partner and one of GOA concerns is its unfavorable (for GOA) balance of trade with US. In spite of current adverse economic conditions here, US sales have held up. Furthermore, US is not dependent on Argentina for flow of any critical raw materials: sugar, meat and meat products have been principal US imports. At the same time, there is little doubt GOA would like to be less dependent on US trade and US or US supported financing. In recent years, GOA has sought closer trading ties—without notable success—with the East Bloc countries, including the USSR, Cuba and China. GOA has also played active role in organization of Latin American economic system (SELA), remains member of LAFTA and probably hopes that eventually Latin American organizations will provide opportunities for diminishing GOA/US interdependence. Same thing can be said, with respect to political relations, in that GOA policy evidently aimed at gradual increase importance of multilateral LA relations at expense of US influence.

15. Argentines generally remain convinced that the US could give massive assistance to developing countries if it wished to. They have little appreciation for the US's own economic problems. Suggestions on our side that the US simply could not provide Argentina with the amount of financing it believes it requires even if all conditions were favorable are generally countered by pointing to the massive US assistance to Vietnam or substantial assistance to other areas. If you can do it there, why not here, they ask.

16. In sum, with the exception of a few trained observers, most Argentines, caught up in their own internal problems, perceive only vaguely, as through a fog, changing US factors. They understand that the US may have been relatively weakened, but continue to believe that it has the power and wealth to work its will if it so wished. In the final analysis, then, what is somewhat in question is US will, not its capabilities, and it is incomprehensible to most Argentines that the US may have lost the will to protect and assure its own interests in the world. If they once concluded that it had, then their perceptions of the US as a hemispheric partner (or antagonist) would change markedly.

Hill

33. Telegram 36721 From the Department of State to the Embassy in Argentina¹

Washington, February 14, 1976, 0238Z.

36721. Subject: Secretary's Meeting With Argentine FonMin.

1. At Argentine Embassy luncheon February 12 the Secretary and Argentine FonMin Quijano discussed inter-American relations, U.S.-Argentine bilateral relations (including expropriation cases involving U.S. firms), U.S. relations with Latin America, the Secretary's trip to Latin America, and Argentine-UK talks concerning Falkland (Malvinas) Islands (reported septel also sent to London).

2. The Secretary said the major problem in U.S. relations with Argentina is the expropriation of US firms. Unless that is resolved soon, Argentina will find itself in great trouble with our domestic legislation. Quijano said he had had a long talk with Economy Minister Mondelli just before he left Buenos Aires. He said Mondelli was optimistic that significant progress was being made to resolve the problem. Quijano said that first of all studies had to be made to determine the amount of compensation to be paid. In the case of Chase Manhattan, the decision was made and was about to be put into effect when the

¹ Summary: At a luncheon at the Argentine Embassy, Secretary Kissinger and Foreign Minister Quijano discussed inter-American relations, bilateral relations, the Secretary's trip to Latin America, and Argentine-U.K. talks concerning the Falkland (Malvinas) Islands.

Source: National Archives, RG 59, Central Foreign Policy File, D760056–0788. Confidential; Priority. Drafted by Bartch and approved by Rogers.

GOA decided to refer the matter to Congress for ratification. That should be completed in a few days.

3. The Secretary and Quijano agreed that aside from the expropriation cases, relations between Argentina and the US are excellent. The Secretary said we have attached great importance to Argentina. It is one of the two or three most important countries in South America. When you think of Latin America, you think of Brazil, Argentina and Venezuela. So we believe our relations with Argentina are of great importance and we are willing to cooperate with Argentina. The Secretary said he still expected to visit Argentina, in connection with the OAS meeting next June in Chile.

4. Quijano emphasized the importance of an ongoing dialogue between Latin America and the US. He and the Secretary agreed that the Tlatelolco meeting in February 1974 had been useful in providing a basis for a continuing exchange of views. Quijano said it is important to achieve Latin American unity in order to discuss such issues as trade, finance and technical development with the US. He said the Latin American nations would welcome US ideas on how this could be achieved. Secretary said we had faced same problem with the Europeans. They asked if we favored European unity, and when we replied that we did, they asked us to bring it about.

5. Secretary said it would be ridiculous for us to try to bring about an organization from which we would be excluded and which would then proceed to put pressure on us. He said he had supported Tlatelolco meeting, but all of the commissions that had been created as a result were used to make demands on the US. He said there must be at least a minimum of reciprocity in such matters. Quijano conceded that there must be a give and take, but repeated that Latin America is looking to us for answers. He and Secretary agreed that it might be useful to revive the spirit of Tlatelolco as a basis for resuming the dialogue. Quijano said Argentina is attempting to work within SELA to exert a moderating influence. He thought the US could work with SELA and use it in a positive way. He said the worst thing that could happen is to terminate the dialogue between Latin America and the US.

Kissinger

34. Telegram 1186 From the Embassy in Argentina to the Department of State¹

Buenos Aires, February 21, 1976, 1340Z.

1186. Dept pass to Assistant Secretary Rogers.

1. On February 19, Ambassador Hill, accompanied by the Defense Attaché, Acting Air Attaché and the Acting Chief of Air Force Section USMILGP, called on new Argentine Air Force CINC Agosti.

2. Agosti, without any of his aides present, received the Ambassador and his party in his office in Air Force headquarters. After a brief but warm exchange of pleasantries, Ambassador Hill turned conversation toward specific matters of interest between our two air forces. Though he followed the Ambassador's points closely, Agosti appeared not to be well informed on the subject and evidenced interest in raising other topics.

3. At what Ambassador and party believed to be end of protocol visit, Agosti asked that he be allowed to raise one question with the Ambassador. He asked the Ambassador for his assessment of the current situation in Argentina. Ambassador Hill said he would be glad to answer the question but noted that to be useful, he would have to be frank and candid in reviewing the situation. Agosti responded this was exactly the kind of analysis he wanted from the Ambassador. Ambassador Hill noted that the current situation in Argentina was a difficult one but stressed as he did throughout the conversation that solutions to Argentina's present difficulties could only come from the Argentines themselves. The US wished to be a friend of Argentina

¹ Summary: Ambassador Hill told Air Force Commander in Chief Agosti that the Argentines would have to determine their country's future, adding that the United States would recognize an Argentine Government that effectively discharged its international obligations.

Source: National Archives, RG 59, Central Foreign Policy File, D760065–0825. Secret; Immediate; Exdis. Repeated to DIA. In telegram 984 from Buenos Aires, February 12, the Embassy reported that the military appeared to have given up on the ability of civilians to govern and to be awaiting an appropriate moment to step in. The Embassy concluded that the United States "must now wait for coming developments and hope for a stable, responsible govt." (Ibid., D760054–0425) In telegram 1042 from Buenos Aires, February 16, Hill reported on a conversation in which a Foreign Ministry official told the Ambassador that he had been asked by "the military planning group" to prepare a study on how best to avoid problems with the United States on the human rights issue. The officers reportedly intended "to carry forward an all-out war on the terrorists" but wished "to minimize any resulting problems with the US." (Ibid., D760058–0466) In telegram 44004 to Buenos Aires, February 24, the Department commended Hill for his handling of Agosti's inquiry and of the human rights issue. (Ibid., D760068–1074) In telegram 1292 from Buenos Aires, February 26, the Embassy transmitted a memorandum of conversation of the Hill-Agosti meeting. (Ibid., D760072–0725)

but had learned through long experience that it did neither itself nor Argentina any good by intervening in local matters.

4. The Ambassador noted that there was a growing belief in the US that the constitutionalist policy of the Armed Forces most recently expressed by General Videla in general was giving way to a forming of resignation among political and military leaders that only a military intervention could deal with the country's problems. The Ambassador noted that whether or not this was indeed the case, it was a matter for the Argentines to decide among themselves. At this point in time, the Ambassador noted, he in all candor could not deny that many influential Argentines were seeking to discern the policy the US would adopt if an intervention should indeed occur. He noted that at present it is the US Government's policy to recognize a government that effectively exercises power and responsibly discharges its international obligations.

5. However Argentina resolved its problems, the Ambassador noted that he had an obligation to tell General Agosti that there were two problem areas which could perturb US/Argentine relations. The first concerned investment problems. (At this point the Ambassador briefly reviewed our outstanding investment disputes and synthesized for Agosti the relevant portions of the US Trade Act.) He further noted that the country's present economic state would make it difficult for the country to raise funds without recourse to the IMF or other international lending institutions. The second broad area in which problems could arise would be in the area of human rights, an issue that had become sensitive in the US.

6. Agosti followed Ambassador's entire exposition with great attention and by mutual agreement with the Ambassador had all of the Ambassador's remarks translated into Spanish to avoid confusion even though Agosti speaks English. It was clear as Agosti escorted Ambassador Hill to his car that his expressions of thanks for his candid appraisal were very sincere ones.

7. Comment: Ambassador Hill told Agosti he would not object if substance of conversation were discussed with Army and Navy CINCs. Doubtless Agosti will soon transmit this conversation to his two fellow CINCs who along with Agosti have in recent days tried through several indirect means to assess US views re the political situation. (Detailed memcon will follow by septel.)

Hill

35. Telegram 1373 From the Embassy in Argentina to the Department of State¹

Buenos Aires, February 28, 1976, 1620Z.

1373. Subj: Political Crisis. Ref: BA–1325 (Notal).

1. Several Congressional leaders including Troccoli of UCR have told EmbOffs that effective action in Congress clearly not possible and that they regard coup as inevitable. Troccoli commented that announcement Feb 26 that Anti Verticalista Peronists will support joint session of Congress is virtually meaningless. Joint session will not even begin until next week at earliest. Senator Luder last night—Feb 27—indicated it might not be convened until March 8, and even when it convenes it is only charged, in effect, with studying crisis and recommending solutions. “Joint session,” Troccoli concluded, “is only a facade. Constitutional solution has already been discarded. We are now simply waiting for the inevitable to happen.” (Note: Whether coup is inevitable or not, it is significant that most politicians now believe it is.)

2. According to Troccoli, several other Radicales and Anti-Verticalista Peronists, key factor in decision of Anti-Verticalistas not to support move in Congress to oust Mrs. Perón was conviction on their part that coup was inevitable no matter what they did (see reftel). This, in turn was result of failure of military to give them any kind of guarantees. Spokesmen for working group and dissident Labor Deputies reportedly asked military leaders week of Feb 15–21 for assurances that if they, the dissident Peronists, joined in Congressional initiative to oust Mrs. Perón and bring in Luder, Armed Forces would not overthrow Luder government further down road. Videla, Viola, Massera and other senior military leaders reasoned that national crisis so acute and Luder’s mandate would be so weak that chances were very high he too would fail, leaving the military with no choice but to take over.

¹ Summary: The Embassy reported on widespread rumors that a military coup was inevitable, adding that no significant segment of Argentine society accused the United States of being responsible for the anticipated coup. The U.S. Government therefore remained on good terms with both civilian politicians and military leaders.

Source: National Archives, RG 59, Central Foreign Policy File, D760076–0478. Secret; Immediate. Repeated to Asunción, Brasília, La Paz, Montevideo, Santiago, and DIA. In telegram 1790 from Buenos Aires, March 18, the Embassy stated that while a moderate caretaker administration was likely to emerge initially in the wake of a coup, the magnitude of the country’s problems and the presence of hard-line officers in the Armed Forces could lead to “military rule for an extended duration and of unprecedented severity.” The Embassy added that while U.S. interests were unlikely to be sharply affected by developments in the short term, the failure of any military regime to address the country’s problems could allow leftist extremists to build a broader base, resulting in “a disastrous situation of such magnitude that US interests across the board would be seriously threatened.” (Ibid., D760104–0479)

Thus, while they encouraged Anti-Verticalistas to support action in Congress they could not give assurances latter had wanted. Anti-Verticalistas therefore, resigned themselves to coup and are playing for the future with latter in mind, they will take no action which could be used to undercut their position with Peronist movement. They will continue to criticize Mrs. Perón but will not support move to oust her. In general, their attitude now seems to be one of "if we are all going down anyway, let's do nothing which will further divide the Peronist movement in the process."

3. Question now largely academic one, but many observers, including Embassy, still of view that reasons given by Anti-Verticalistas are not persuasive. With or without military assurances, removing Mrs. Perón by constitutional means and bringing Luder was at least worth a try. In final analysis, what Anti-Verticalistas have done is to opt out.

4. Reports Embassy is getting from various sources close to military tend to coincide with those of DAO regarding shape of future military govt. and direction of its policies. According to our reports, General Videla, rather than Viola, will be President. At least initially, Cabinet reportedly will be all military—with possible exception of Econ Minister. Papal Nuncio told Amb Hill Feb 27 he understands Admiral Montes will be new Foreign Minister (DAO has similar report). Congress will be closed, but political parties will continue to function (though possibly within narrowed parameters). In general, it now appears that military will follow relatively moderate line.

5. Both UCR and Anti-Verticalista Peronists have told EmbOff they plan to go on record as being against coup but then to accept it and to cooperate to extent possible with military govt. As Troccoli put it: "We do not want to rock Videla's boat; on contrary, we want his govt to succeed. He is a reasonable, moderate man and we prefer him to any of the hardliners who might take his place if initial phase of military administration goes badly."

6. What military will do with Mrs. Perón not clear. Several sources have indicated they believe decision made not rpt not to let her leave country. Nuncio told Amb Hill he understood she might simply be detained at military resort area such as Ascochinga in Cordoba for indefinite period. "If they let her go back to Spain, she and Lopez Rega could create problems for new govt which it would rather avoid," he noted.

7. Position of USG: On what may be eve of coup (whether it takes place within days or weeks), Embassy believes USG is in good position. None of the major parties or responsible sectors are accusing USG of being behind it. On contrary, several Radicales and Peronists have stated their certainty that USG has stood by as close friend wishing them the best but has not intervened in Argentina's internal affairs in

any way. We believe Sec Kissinger's recent acceptance of luncheon invitation with Quijano contributed significantly to this atmosphere. Our stock with democratic civilian forces therefore remains high, but at same time our bridges to military are open.

Hill

36. Airgram A–32 From the Embassy in Argentina to the Department of State¹

A–32

Buenos Aires, March 9, 1976.

Subject: Human Rights: The Argentine Situation. Ref: State 045319.

Following answers are keyed to Paragraph 12 reftel:

A) Argentine constitution of 1853 is in effect. This constitution is closely patterned after the US Constitution and provides most of the legal guarantees as does ours. Major exception is "State of Siege" provision, which gives federal government power to temporarily suspend habeas corpus and to move accused persons from place to place within the country without their consent. State of Siege also allows government to offer prisoners option of choosing exile rather than standing trial. State of Siege does not, however, repeat not suspend due process clauses and in theory arrested persons still allowed right to trial, representation by counsel of their choice, etc. In view of subversive situation, an anti-subversive law passed in 1975 gave federal government power to rule that newspapers were acting to further subversive cause, thus allowing government to either suspend or close them.

B) Actual practices of current government with respect to human rights a most confusing one. With regard to the great majority of cases, constitutional provisions are applied. With respect to terrorists, however, there is strong evidence to support thesis that human rights violations do indeed occur. During the past three years over 2,000

¹ Summary: The Embassy provided its assessment of the human rights situation in Argentina, concluding that terrorist suspects had been subject to extralegal killings, arrests, and incarceration, but that the extent of official involvement in these abuses was difficult to assess.

Source: National Archives, RG 59, Central Foreign Policy File, P760037–0384. Confidential. Drafted by Political Officer Frank Zambito; cleared by Acting DCM Hugh Woodward and Hill; approved by Political Counselor Wayne Smith. In telegram 45319 to all diplomatic posts, February 25, the Department sent instructions for human rights reporting. (Ibid., D760071–0412)

Argentines have died as a result of political violence. By far largest number of these deaths were caused by left and right-wing terrorists. The left-wing terrorists in particular made police, army officers and other government officials one of their major targets. Right-wing terrorists, on the other hand, have directed their fire against leftist students, union officials, congressmen and persons sympathetic to leftist causes in general. On government side, there is evidence to indicate that faced with large-scale subversive violence, police and army officials have on occasion resorted to extralegal killings, arrests and incarceration for long periods of time and torture of suspected terrorists. While there is no evidence to indicate that these acts are carried out under "official" government policy, there have been no cases where police officials or army officers have been brought to trial for abusing prisoners. With regard to free speech, the federal government has in the past three years closed down almost a score of publications on the extreme left and right of the political spectrum. On the right, the publications were charged with fostering virulent anti-Semitism or inciting violence, in some cases publishing threats against the lives of specific individuals. On the left, publications have been closed because it was believed that their source of funds was proceeds of political kidnappings or were publishing prosubversive literature. Despite this, however, the great bulk of the press has been free to express its views and in the past 18 months the government has been subjected to harsh and critical examination by its press critics.

C) As noted in A above, question of government involvement in violations of human rights difficult to assess. Clearly some high-ranking army and police officials have condoned these practices, although no evidence to indicate that policy-level officials, i.e., undersecretary and cabinet-level officials, have ordered these acts as official policy. Exception to this generalization would be former Social Welfare Minister Jose Lopez Rega, who is charged with having organized the right-wing terrorist group, the Triple A, using government funds. However, from recent revelations it appears that even this once very powerful minister set up his apparatus in secret with pilfered government funds and kept his cabinet colleagues in the dark as to his activities.

D) Amnesty International has recently compiled a list of lawyers it claims have been detained for defending persons charged with political crimes. In many cases this charge is doubtless true and lawyers who were fulfilling their professional obligations have found themselves afoul of the law. There is also, however, evidence to suggest that in some cases the defense attorneys themselves were the "above ground" arm of the terrorist apparatus.

E) Embassy officials have from time to time discussed with Argentine officials their concern that human rights violations could be a

complicating factor in our bilateral relations but have never made a formal démarche on the subject as Argentines feel their legal practices are an internal political matter.

Hill

37. Telegram 62045 From the Department of State to the Embassy in Argentina¹

Washington, March 13, 1976, 1825Z.

62045. For Ambassador only. Subject: Possible Military Coup in Argentina.

1. Major General Luis Miro, Argentine Military Attaché, called at Department of Army March 12 and stated he had been requested by Argentine military to attempt obtain from US military information on Argentine nationals in US who may be leftist or Communist sympathizers, or former members of ERP, or who may be sponsored by GOA and are employed by Argentine airlines, Consulates, OAS, IBRD, or any other international organizations in US. He said information is required for possible recall of individuals in case of military coup in Argentina in near future, and to determine whereabouts of persons who may be hostile to coup.

2. Miro said military is exercising great restraint and hopes when it moves it would be in response to popular demand in Argentina. He doubted however that there would be any great civilian demand for coup. He said military does not have depth of experience necessary to govern for any extended period and that it is therefore imperative that power be returned rapidly to “a reasonable civilian element.” He added that coup is “open secret,” with situation in Argentina having deteriorated to a point of no return. He said only a change of government can halt further deterioration. He saw little or no hope for friendly US press when military moves, and he anticipates that no matter how

¹ Summary: The Department reported on a request by the Argentine Military Attaché for information on Argentines in the United States with leftist sympathies. The Department noted that the U.S. Government did not intend to provide the requested information, adding that, as a matter of policy, it did not wish to receive detailed information on plans for unconstitutional changes of government.

Source: Department of State, INR/IL Historical Files, Box 16, Buenos Aires. Secret; Immediate; Noform; Roger Channel. Drafted by Bartch; approved by Emerson Brown in INR/DDC and by Ryan.

restrained Armed Forces are, they will be accused of human rights violations and as having dictatorial ambitions.

3. We do not intend to supply information Miro requested, and Department of Army will so inform Miro when he returns March 17 from visit to New York and Boston. In accordance with standing instructions from Assistant Secretary Rogers, reiterated during ARA Chiefs of Mission meeting last November, we do not wish to become recipients of detailed information concerning plans for unconstitutional changes of government. We especially do not wish to receive advance information of possible moves in such detail as to provide the impression that we ourselves could in any way have become involved in, or identified with, or supportive of developments of this kind.

Kissinger

38. Telegram 1751 From the Embassy in Argentina to the Department of State¹

Buenos Aires, March 16, 1976, 2105Z.

1751. Subject: Ambassador's Conversation with Admiral Massera. For Asst Sec Rogers from Amb Hill.

1. Accompanied by Pol Couns I had coffee today with Alexandro Shaw, Pres of Banco Shaw. Admiral Massera, Commander in Chief of the Navy, was also there. Massera sought opportunity to speak privately with me and Pol Couns. He said that it was no secret that military might have to step into political vacuum very soon. They did not want to do so but at this point choices seem to be between military intervention and total chaos leading to destruction of the Argentine State. Massera said he did not want to discuss possible intervention

¹ Summary: Hill reported on a conversation with Navy Commander in Chief Massera in which the possibility of a military coup was discussed in hypothetical terms.

Source: Department of State, INR/IL Historical Files, Box 16, Buenos Aires. Secret; Immediate; Roger Channel. In telegram 1715 from Buenos Aires, March 15, the Embassy reported that the military leadership was coming under increasing pressure from hard-liners to carry out a coup. (National Archives, RG 59, Central Foreign Policy File, D760098-0063) In telegram 1916 from Buenos Aires, March 23, the Embassy reported that large-scale troop movements in connection with a coup attempt had begun on the afternoon of March 22. (Ibid., D760109-0938) In telegram 2034 from Buenos Aires, March 26, the Embassy reported that the military junta had met less opposition than expected in overthrowing Perón and that it had named General Jorge Videla as President. (Ibid., D760115-0439)

as he was sure I would regard it as diplomatically incorrect. However, he said, he did wish to approach me as a friend to say that military were terribly concerned about their public relations in the US should they have to intervene. He admitted that military were inexperienced in terms of public relations problems in Argentina, much less in the US, and he asked if I could indicate to him one or two reputable public relations firms in the US which might handle the problem for a future military govt.

2. I emphasized that USG could not in any way become involved in Argentine internal affairs. I said that while I could not give any such advice as he had requested, I could quite properly make available to him the list of public relations firms available in the Embassy's commercial library. Massera indicated that would be fine and that he would appreciate receiving such a list "within next few days".

3. Massera said military were fully aware of the need to avoid human rights problems should they have to take power. He said Argentine military intervention if it comes will not follow the lines of the Pinochet takeover in Chile. Rather, he said, they will try to proceed within the law and with full respect for human rights. This did not mean, he said, [garble—they would not press?] the war against the terrorists; on the contrary, they intended to step up the fight against terrorism and subversion, but they would do so within the law. They had no intention of resorting to vigilante-type activities, taking extra-legal reprisals or of taking action against uninvolved civilians. [garble—If the three?] CINCs have to move, he said, their intention is to do so in the most "democratic" and moderate manner possible. He noted that they are having some difficulties restraining hot heads, but expressed confidence that they would be able to do so.

4. Massera said he hesitated to raise subject with me but that at same time he wished to assure me and reps of other govts that if military feel called upon to move they will not harm Mrs. Perón. He said this was a knotty problem but that the thinking of the three CINCs at the moment was that probably best thing would be that Mrs. Perón simply leave the country. On the other hand, there were many within the military who wished to take stronger action against her. A possible compromise solution would be to detain her in Argentina on Martin Garcia Island or in some military resort area such as Ascochinga until such time as final determination as to her future could be made.

6 [sic]. Comment: Admiral Massera was very correct throughout the conversation. He scrupulously placed all his comments in the conditional tense, and several times emphasized that he was only speaking of hypothetical possibilities. Nonetheless, Pol Couns and I had distinct impression that Massera was talking about a coup which will probably come within the next few days, possibly even before the weekend.

7. My plans: I have planned and have reservations to depart Argentina the evening of Mar 17. Should I cancel these plans now and coup should take place on, say Mar 18, that might be taken by many as proof that we had prior knowledge of military action. Further, it might be alleged that I had cancelled plans and stayed here to help direct the coup. I therefore believe that it is in the best interest of the USG that I proceed with my plans as though we had no forewarning. To be sure, every newspaper and magazine is now speculating that the golpe may come shortly, but that is only hearsay. The fact that I would be out of the country when the blow actually falls would be, I believe, a fact in our favor indicating noninvolvement of Embassy and USG. Hence, I intend to depart on schedule. I am, however, changing my plans and will fly from Miami to Washington. I should arrive there by noon Mar 19, and will be available for consultations that afternoon and the morning of the 20th if you so desire and longer if necessary.

Hill

39. Telegram 72468 From the Department of State to All American Republic Diplomatic Posts and the Commander in Chief of the Southern Command¹

Washington, March 25, 1976, 1921Z.

72468. Subject: INR Analysis of Developments in Argentina.

1. Communiqués and statements issued by the Argentine junta do not clarify how long the military intends to remain in power, nor what policies will be implemented. Such evidence as exists, however, indicates that the junta has planned a moderate conservative approach, featuring:

—A heavy law-and-order emphasis with top priority assigned to the counterterrorist effort.

¹ Summary: In an analysis of the military coup that was developing in Argentina, the Bureau of Intelligence and Research concluded that the new regime would not pose a threat to U.S. interests but that human rights violations could become a serious issue in U.S.-Argentine relations.

Source: National Archives, RG 59, Central Foreign Policy File, D760113-0958. Confidential. Drafted by Buchanan; cleared by Louis Misback in INR/RAR, Jack Smith in ARA/APU, and Ryan; approved by Kirk.

—A house-cleaning operation against allegedly corrupt political and labor figures, including plans to try Perón on corruption charges.

—Avoidance of a rabidly anti-Peronist or anti-labor posture, and an attempt to work with amenable sectors of the powerful union movement.

—Implementation of a moderate austerity program which will emphasize less state participation in the economy, fiscal responsibility, export promotion, favorable attention to the neglected agricultural sector, and a positive attitude toward foreign investment.

2. Junta's capability: There is little reason to be sanguine about the future of the military government and its ability to provide solutions to pressing problems. The terrorist menace can probably be controlled, if not eradicated, but designing an economic strategy which will promote recovery without provoking widespread opposition will be difficult. The austerity measures favored by many experts, as well as the junta itself, cannot be enforced without considerable sacrifice on the part of a working class not inclined to pay the price. Persistent efforts to enforce austerity would probably produce a combination of popular resistance and policy disagreements within military circles that would undermine the junta's ability to rule. The path would then be open for another governmental shift, probably involving the emergence of a new military faction with its own approach.

3. Perón's fate: Contrary to expectations, the junta has decided to detain Perón within Argentina and apparently intends to try her on corruption charges. The objective is probably to expose in definitive fashion the alleged immorality of Peronist politics and politicians and, thereby, prevent Perón's subsequent resurrection as a martyr. However, this tactic could easily backfire. Argentines will not bemoan the removal of Perón, but they tend to view her as a pathetic rather than a sinister figure. The public may reject an attempt to make her solely responsible for the nation's ills. The junta will likely monitor public reaction to their plans, and leave open the possibility of simply exiling Perón.

4. US interests: US interests are not threatened by the present military government. The three service commanders are known for their pro-US, anti-Communist attitudes, and, in fact, one of the junta's early statements refers to Argentina's need "to achieve an international standing in the Western and Christian world." Investment problems will be minimized by the junta's favorable attitude toward foreign capital, while the government's probable intention of seeking US aid, tangible and/or moral, to overcome pressing economic problems will provide added insurance against openly anti-US attitudes and policies.

5. Human rights is an area in which the new government's actions may present problems from the US perspective. Several thousand

alleged subversives are already being held under a state of siege declared in November 1974, and that figure will mount as the security forces intensify their counterterrorist efforts. The military's treatment of these individuals has been less than correct in the past, and will probably involve serious human rights violations in the future. A harbinger of things to come may be contained in the junta's decree establishing the death penalty for those attacking security personnel. The scope of this problem could reach beyond the treatment of subversives if, over the coming months, the junta attempts to enforce unpopular social and economic policies.

Kissinger

40. Transcript of the Secretary of State's Staff Meeting¹

Washington, March 26, 1976, 8:12 a.m.

[Omitted here are a list of participants and discussion unrelated to Argentina.]

[Mr. Rogers:] In Argentina, although the junta has had some pretty good success, we're trying to make whatever estimates we can about what's going to happen. We've asked both the Mission and Washington to do their own visualizations—to compare them. But I think the preliminary estimate has got to be that it's going to go downhill. This junta is testing the basic proposition that Argentina is not governable, so they're going to succeed where everybody else has failed. I think that's a distinctly odds-on choice.

I think we're going to look for a considerable effort to involve the United States—particularly in the financial field. I think we're going to see a good deal—

Secretary Kissinger: Yes, but that's in our interest.

Mr. Rogers: If there's a chance of it succeeding and if they're not asking us to put too much up on the table. What we're going to try to do, when and if they come up with such a plan, is what we were prepared to do about six months ago. We had worked out as intermedi-

¹ Summary: Kissinger and Rogers discussed the stance that the United States should adopt toward the military junta that had taken power in Argentina.

Source: National Archives, RG 59, Transcripts of Kissinger Staff Meetings, Lot 78D443, Box 4, Secretary's Staff Meetings. Secret.

aries a sensible program for international assistance, using the private banks and monetary institutions.

Whether we can pull that off again, I don't know; but I think we're going to hear from them very early on in terms of financial programs.

I think also we've got to expect a fair amount of repression, probably a good deal of blood, in Argentina before too long. I think they're going to have to come down very hard not only on the terrorists but on the dissidents of trade unions and their parties.

Secretary Kissinger: But—

Mr. Rogers: The point I'm making is that although they have good press today, the basic line of all the interference was they had to do it because she couldn't run the country. So I think the point is that we ought not at this moment to rush out and embrace this new regime—that three–six months later will be considerably less popular with the press.

Secretary Kissinger: But we shouldn't do the opposite either.

Mr. Rogers: Oh, no; obviously not.

Mr. McCloskey: What do we say about recognition?

Mr. Rogers: Well, we're going to recognize this morning a formal note in response to their request for recognition—as have virtually all the other countries of Latin America. But beyond that, Hill will keep his mouth shut.

Secretary Kissinger: Yes, but what does that mean concretely? Whatever chance they have, they will need a little encouragement from us.

What is he telling them?

Mr. Rogers: What? Oh, nothing. He has not been talking with them yet. He has not been invited to talk with them. He's ready to go in and talk with them when and if they request a meeting. But the Generals who are now presently occupying the Ministerial posts are there very temporarily—probably for the week—until the junta can make its final decisions as to whom they're going to appoint. They will make decisions on who they will appoint within a week.

We think we know who's the Foreign Minister—which is the key appointment.

Secretary Kissinger: Who?

Mr. Rogers: Probably a fellow named Vanek, who we have worked with in the past. And if he is appointed, then I think we're in a position to work with him.

Secretary Kissinger: But can I see some instructions on what you're going to tell Hill if somebody should come in—

Mr. Rogers: Yes.

Secretary Kissinger: —because I do want to encourage them. I don't want to give the sense that they're harassed by the United States.

Mr. Rogers: No. What I was basically concerned about in the first instance was the public posture.

Secretary Kissinger: I agree with that.

[Omitted here is discussion unrelated to Argentina.]

41. Telegram 2061 From the Embassy in Argentina to the Department of State¹

Buenos Aires, March 29, 1976, 1945Z.

2061. Subject: Videla's Moderate Line Prevails.

1. Summary: It is too early to make any firm predictions concerning final success of the experiment in govt undertaken by the Armed Forces on Mar 24. Even so, with Videla now named Pres and his new Cabinet now named, it is perhaps a convenient moment to report several short-term conclusions: A) Videla is at least for the time being in a strong enough position to keep the hardliners in check and impose a moderate approach; B) the terrorists are likely to keep a relatively low profile for the next few weeks, especially in view of the fact that the Armed Forces have launched a massive drive against them; C) the new govt has not yet presented its full economic program, but the approach evidenced so far is encouragingly pragmatic and deliberate, and D) once the govt begins to impose an austerity program, labor reaction may stiffen, but so far it has been almost nonexistent; indeed, absenteeism reportedly ceased to be a problem almost the day after the coup. The USG of course should not become overly identified with the junta, but so long as the new govt can hew to a moderate line the USG should encourage it by examining sympathetically any requests for assistance. End summary.

2. The coup d'état which culminated during the early hours of Mar 24 can now definitely be judged as moderate in character. In their first

¹ Summary: The Embassy characterized the coup as moderate and concluded that the U.S. Government should sympathetically consider any Argentine requests for assistance while avoiding over-identification with the junta.

Source: National Archives, RG 59, Central Foreign Policy File, D760119-0409. Secret; Priority. Repeated to Asunción, Brasília, Caracas, La Paz, Lima, Mexico City, Montevideo, and Santiago.

statements the three members of the junta indicated they had taken power only to save the country and that their takeover was not directed at any group or sector. They did not attack the memory of Gen Perón, nor did they say anything derogatory about Peronism or any other party. They have arrested some high officials such as Raul Lastiri, Julio Gonzalez and Gov Carlos Menem who are believed to be guilty of malfeasance or abuse of power and they have rounded up a good number of suspected terrorists. But it is now clear that there have been no massive arrests. No one has been put against a wall and no one has been pulled in simply because they happened to be a Peronist or because they served in the last govt. Most Congressmen, Governors and other deposed officials have simply been told to go home. Mrs. Perón herself is in custody but clearly the junta does not intend to make a martyr of her. If there is an investigation of her questionable activities, it will probably be a fair one, and if she is convicted, her sentence is likely to be nothing more than exile. Indeed, many in the military would like to put her on a plane to Madrid even without an investigation.

3. Several extreme left-wing parties, mostly Trotskyites and Maoists in orientation, have been banned, but the charters of other parties, including the orthodox Communist Party (PCA), remain in force. Political activity is suspended temporarily and the various parties have had to remove signs and slogans from their headquarters. Their organizations are intact, however, and several of the Embassy's sources within the parties have expressed hope that limited political activity may resume within six months or so.

4. Prior to the coup, there had been fears that hardline commanders in the field might exceed their orders and arbitrarily shoot or arrest any labor leaders, Peronist or leftist they did not like. As indicated above, however, this did not happen. Videla and his moderate colleagues kept the hawks in line. Further, the smoothness with which the coup was carried out and the way in which it was accepted by the people did much to enhance Videla's image. Probably at least for the next several months, therefore, his position relative to that of the hardliners will be overpowering. It is most unlikely that any of them would try to move against him. If they did, they would lose. Thus, for now, Videla's moderate policies seem safe.

5. If fending off the hawks was Videla's first concern, coming to grips with the terrorists was his second. Indeed, in order of importance the second outranks the first, but the new govt needed a firm political base in order effectively to confront the terrorists and thus its first thought had to be for institutional unity. With that now assured, at least for the time being, the Armed Forces have launched a nationwide effort against the terrorists. Many suspected terrorists have been

rounded up. Widespread searches are being conducted and shifting roadblocks have resulted in the capture of several guerrillas in Cordoba and elsewhere.

6. For their part, the guerrillas are likely to continue some hit-and-run operations such as today's assassination of a police commissioner, but they will probably keep a fairly low profile for the next few weeks. Tactically, they will probably want to get the lay of the land and wait for the military to drop its guard. Strategically, they probably hope popular opinion will begin to swing against the military govt within a few weeks. That would be the time to move. They may have some recalculating to do, however, for so far the military have not behaved in the repressive way the terrorists seem to have expected. If Videla can hold to his moderate course, the guerrillas may be surprised to find several weeks from now that the govt continues to enjoy popular support.

7. Equally as pressing as the terrorist problem is that of the economy. The govt has not yet had a chance to present its plan, but the economic team is now in place and looks impressive. The contacts the Embassy has had so far with Econ Min Martinez de Hoz and some of his assistants indicate they have a firm grasp of the problems and hopefully will have a practical approach to their solution. Detailed analysis of economic program will follow ASAP.

8. As encouraging as the new govt's own performance so far has been public reaction to it. Most Argentines were glad to be rid of Mrs. Perón's pathetically incompetent govt. But they did not rush into the streets to cheer the Armed Forces or jeer the Peronists. They approve of what the Armed Forces have done, but they have some healthy reservations. They have seen military govts start off well before, only to fail further down the road. They hope this one will be different and at this point are willing to give it their support. But no one seems to expect miracles, and that is one of the most mature phenomena about this coup.

9. Even labor so far is quiescent. Absenteeism, for example, disappeared as a major problem on Mar 25. Many labor leaders have made their peace with the military and are willing to cooperate. For its part, the junta has handled labor intelligently and with prudence. Some of the more corrupt labor leaders have been arrested, but most leaders have been left alone. The CGT is intervened but most unions within it are functioning more or less normally. The crunch, however, has not yet come and will not until the govt introduces its econ program and begins to impose austerity measures.

10. US position. This was probably the best executed and most civilized coup in Argentine history. It was unique in other ways too. The US has not been accused of being behind it, except by *Nuestra*

Palabra, the organ of the PCA. The Embassy hopes to keep it that way. Clearly, we should not become overly identified with the junta. That would not be good for them or for us. Nonetheless, Argentina's best interests, and ours, lie in the success of the moderate govt now led by Gen Videla. He has a chance of pulling Argentina together again, stopping terrorism and getting the economy going. His govt, moreover, has promised to solve quickly our various investment problems (Exxon, Chase Manhattan, Standard Electric, etc.) and to bring about a better climate in general for foreign investment. Should Videla's govt fail, that might on the one hand open the door to the hardliners, who would return Argentina to the polarization of the past and who, being more nationalistically inclined than the moderates, would not take as favorable an attitude toward the US and US investments. On the other side, Videla's failure could also bring about conditions under which the extreme left might have an opportunity to make a bid for power, which would clearly run contrary to all our interests.

11. Thus, while we should move discreetly and keep our distance, we should also, so long as the Videla govt sticks to a moderate course, look sympathetically on any requests for assistance it may direct to us.

Hill

42. Telegram 2528 From the Embassy in Argentina to the Department of State¹

Buenos Aires, April 16, 1976, 1315Z.

2528. Subject: Junta Record on Human Rights to Date. Ref: State 83929, Buenos Aires 2035, Buenos Aires 2288, Buenos Aires 2061.

Summary: Following the March 24 coup, the junta put into practice its plans to arrest those members of the Peronist govt it believed most

¹ Summary: The Embassy reported on the Argentine Government's human rights record since the coup, concluding that any abuses and arbitrary behavior did not reflect official policy.

Source: National Archives, RG 59, Central Foreign Policy File, D760145–0248. Confidential. In telegram 2288 from Buenos Aires, April 6, the Embassy reported on incidents of right-wing terrorist violence against leftists during the 12 days following the coup, noting that while there was no evidence that the violence was officially inspired, the incidents could damage the new Argentine Government's reputation for moderation. (Ibid.) In telegram 83929 to Buenos Aires, April 7, the Department noted that it was receiving inquiries about arrests in Argentina since the coup and it asked the Embassy to report on individuals detained by the new regime. (Ibid.)

likely to have been involved in corruption, malfeasance and similar misdeeds. In addition, in line with its oft-announced war against subversion, the military moved to arrest as many known or suspected subversives as possible. Though this wave of arrests was expected, it has naturally been the source of much private comment in political circles. The golpe and the subsequent arrests were carried out against the backdrop of continuing terrorist acts by both left and right. At this point, 3 weeks after the coup, it appears that arrests have been relatively few and by and large have been carried out within the legal framework established by the new junta. End summary.

1. In the 3 weeks after the coup, the junta govt has arrested approximately 1500 persons. The bulk of these are govt officials, national and provincial, and labor leaders who are being held on charges of corruption. In addition, some suspected subversives have also been arrested. Added to the 1500 persons already being held by the Peronist govt under the state-of-siege provisions, the total number of political and quasi-political prisoners is now approximately 3000. While these arrests have been the subject of much conversation in political circles, the general consensus is that the arrests so far, with few exceptions, have been carried out within legal framework.

2. Even to Peronists who may themselves yet face legal difficulties with the junta, fact that the great majority of the names of those arrested have been released to the press is taken as encouraging sign. (Embassy will shortly be sending Washington press clips giving names of those arrested to date.)

3. In recent days, EmbOffs have discussed arrest issue with wide circle of contacts and finds them in general satisfied that junta acting with relative moderation in this delicate area. For example, former Peronist Interior Minister Rocamora told EmbOffs that to his knowledge most Peronists arrested since coup are being held on straightforward corruption charges and in most cases he believed the junta would have little problem proving charges in course. Luis Rubeo, former Peronist Congressman and prominent advisor of Meatworkers Union, told EmbOffs that to his personal knowledge [garble—Meatworker?] officials in Buenos Aires province and Santa Fe province, where Rubeo has his base, have been treated in a fair manner. Only two second level officials of the union are being held on corruption charges. Rubeo opined that both had had their hands in till. Osella Munoz, a leading Peronist Congressman of the Anti-Verticalista tendency, agreed with analysis of his two Peronist colleagues, adding that in his view some of the labor leaders being held “with little doubt deserved it.”

4. Enrique Vanoli, Political Secretary of the UCR Party, [garble—indicated that UCR officials?] were having no problem with the military

in area of human rights. Both he and party leader Ricardo Balbin believe that most of the right-wing assassinations that have taken place since the coup (in the style of the Tiple-A) have been carried out by off-duty policemen without the knowledge or authorization of senior Army officers. Heriberto Kahn, columnist for *La Opinion* and man close to the CINCs, agreed with Vanoli's view and added that Videla, Viola, Massera et al were disturbed by these incidents and realized they must stop right-wing terrorism as well as that from the left.

5. Senator Eduardo Paz, former Chairman of the Senate Armed Forces Committee, and a man who despite coup maintains good contacts with military, told EmbOff that clearly some arbitrary behavior on part of authorities had occurred. He cited three cases in his home province of Tucuman where the provincial Econ Min and two men on the Governor's private staff had been severely beaten by Army troops shortly after the coup. One man died as result of beating and other two are in serious condition. Paz, upon learning of these incidents, went directly to General Harguindeguy, Interior Minister, to register a protest. He told Harguindeguy that he knew the background of the three men involved and believed they deserved legal penalties. The most severe measures the Army wishes to apply within the law will meet with public support, he added, but measures outside the law will result in public sympathy not only for clearly corrupt former officials against whom they are applied, but even for terrorists. According to Paz, Harguindeguy agreed and immediately called in aides to look into the matter, telling Paz that the military high command, try as it would, could not control every officer and thus prevent this kind of incident. However, they had made it clear that this type of arbitrary justice was not authorized, approved or condoned by the junta, and would be stopped wherever it came to light.

6. Our political sources, plus U.S. newsmen here (who are very sensitive to human rights issue) continue to express surprise that junta has acted with as much moderation as it has so far, given the atmosphere of left-right terrorism which the country has endured for the last three years. Its policy is to respect human rights and it is taking measures to curb any local commander who may, in exceeding his instructions, violate them. Even so, with arrests being made and as yet no composite list issued of those detained, horror stories based on imagination rather than fact, are inevitable. Most common and inaccurate story making rounds is that former ForMin Vignes is being held in a cell aboard Naval vessel in Buenos Aires harbor. In fact, reliable sources indicate that he, along with many prominent officials, has been placed under house detention and major inconvenience he is suffering is necessity to notify authorities before going out of his home. Another story making rounds is that Raul Alfonsin, leader of liberal wing of UCR, is

being held by authorities. Story is similarly inaccurate. Indeed, Alfonsín called Pol Couts yesterday regarding visa case and was most amused when told he allegedly under arrest.

7. Comment: To date those human rights violations which have occurred have represented exceptions which have resulted from excesses on part of individual military officers and police officials. They do not rpt not represent junta policy. From personal contact and from stories relayed by our political sources, it would appear that junta wants very much to avoid a human rights problem. In this regard, (Apr 13) *La Opinion* predicts that in "next few days" military will either publicly charge those they feel are guilty of specific crimes or release them. Lab Att gives similar account from labor source who expected this process to begin after Easter holiday. Indeed, we understand from good sources that Videla called in senior generals late last week to demand that composite list of all those detained, with charges against them, be issued ASAP. He also asked for details of the recent right-wing killings, noting that he wanted this activity stopped. His subordinates claimed they still not know the perpetrators of the terrorist acts but reportedly left meeting with understanding they were to act quickly to see it ended.

Hill

43. Telegram 2748 From the Embassy in Argentina to the Department of State¹

Buenos Aires, April 27, 1976, 1635Z.

2748. For Asst Sec Rogers from Amb Hill. Subject: Luncheon Conversation With Senior Members of Govt.

1. On April 22 I lunched at the home of Alejandro Shaw with Admiral Massera, Minister of Defense Klix, Secretary of Finance Alemann, Secretary of Economic Planning and Coordination Klein and several others. Massera was his usual jovial self and left early to get back to work. All expressed confidence in the new govt's success. These

¹ Summary: Hill reported that the hard-line attitudes expressed by several Argentine Cabinet members during a luncheon conversation had given him a sense of unease about the direction of the regime.

Source: National Archives, RG 59, Central Foreign Policy File, D760161-0110. Secret; Exdis.

are intelligent, well-meaning men. Yet, I came away from the luncheon with a sense of unease. One cannot form any definitive judgments or make predictions on the basis of one luncheon conversation, but I did read some storm warnings.

2. First of all, while the new govt is off to a good start, it has a long and most difficult road ahead. There should be no room for cockiness. Unfortunately, however, there was some of that at the luncheon. When I asked Klein, for example, what arrangement the govt was likely to negotiate with labor, he replied that the govt had not yet made any move to reach an accommodation with labor, nor did it intend to do so. He professed himself to be unconcerned. "Labor will have to come to us," he said. Klein was equally insouciant concerning the wage-price squeeze. I noted that prices are climbing but wages are not. This of course is in line with the govt's anti-inflationary austerity measures, but, I asked, did the govt plan any measures to give the wage-earner some relief or at least to make the pill less bitter to swallow?

3. Klein replied in the negative. The Argentine wage-earner, he said, will just have to learn to shop more wisely. There is probably a good deal in that, but the way in which he answered suggested that Klein at least is not worried about the views of the wage-earner.

4. Massera himself continued to reflect balance and moderation on the human rights issue, but some of the others at the table seemed to favor a harder line. When I asked what was going to happen to the members of the previous govt being held on ships in the harbor, Massera answered that a list of all those held will be issued shortly, that each is being investigated, and, if necessary, will be tried in accordance with the law. Alemann, however, added that I should remember that "all those people are criminals," and several others present suggested that no one should waste any sympathy on the likes of Lorenzo Miguel. Wayne Smith, the Political Counselor, who had accompanied me, said the question was not one of sympathy for Miguel and those of his ilk but of whether or not they are treated in accordance with the law. If they are not, voices might be raised abroad in their defense and the GOA's image would suffer. One of the other guests stated that only those who had themselves shown respect for the law deserved its protection. Admiral Massera, I am happy to say, did not agree with this approach to the application of the law; rather, he continued to say that everything must be and would be done legally.

5. All at the table agreed that the struggle against the terrorists must be prosecuted vigorously. Defense Minister Klix went even further. He insisted that "one must be fanatic to defeat fanatics" and observed that "if the other side hits below the belt, so must we." Exactly what he meant by that is open to question, but it is clear that Klix is neither as prudent nor as wedded to a rule of law as is Videla.

6. What is said at lunch does not necessarily reflect the gov't's official policies, but it does reveal something concerning the thinking of its members. The junta has so far maintained the support of the majority precisely because it has acted with moderation and has tried to remain within the law. The overall impression I carried away from the April 22 luncheon, however, is that there are some in the government who are not as enthusiastic over this approach as is Videla. This is disturbing and bodes ill for the future. What is needed here is vision and reconciliation, not a return to the petty vindictiveness of the past.

Hill

44. Telegram 3460 From the Embassy in Argentina to the Department of State¹

Buenos Aires, May 25, 1976, 1156Z.

3460. Subject: Conversation with Undersecretary of the Presidency.

1. On May 21 Ambassador Hill, the Minister, and the Political Counselor, had lunch with Dr. Ricardo Yofre, the Undersecretary General of the Office of the Presidency. Given below are the highlights of the conversation.

2. Ambassador Hill opened the conversation by saying the US was very concerned over the human rights issue, especially in the wake of the Michelinini and Gutierrez Ruiz kidnappings. According to Yofre, Videla and his staff were shocked by the kidnappings, and are trying to get to the bottom of the question. Yofre also said Videla had planned to hold a press conference on Wednesday, May 26, but that this might now be postponed in order to have better hold on the situation and to be able to make a more definitive statement regarding the situation

¹ Summary: Ambassador Hill reported on his conversation with Undersecretary General of the Presidency Ricardo Yofre regarding U.S. Government concern over human rights abuses in Argentina. Although Yofre was confident such abuses would be limited, the Embassy concluded that hard-liners posed a threat to the moderate line favored by Videla.

Source: National Archives, RG 59, Central Foreign Policy File, D760202-1291. Secret; Priority; Exdis. In telegram 3390 from Buenos Aires, May 21, the Embassy reported on the abduction of Uruguayan refugees Zelmar Michelinini and Héctor Gutiérrez Ruiz by armed men who invaded their residences. (Ibid., D760205-0965) In telegram 127301 to Buenos Aires, May 23, the Department transmitted a press report that the bodies of Michelinini, Gutiérrez Ruiz, and two other Uruguayans had been discovered on May 22. (Ibid., D760200-0798)

of those who have been detained since March 24. By next week, Yofre said, it is planned: (A) To release many of those currently detained; (B) to be ready to publish a complete list of those detained (Yofre noted that although the Navy had drug its feet it has now given Videla a roster of the prisoners being held aboard the ships in the harbor); (C) to be ready to announce speedy trials for those whose investigations are completed; (D) to announce several new measures of “revolutionary justice” under which those who are known to be guilty of crimes against the state but against whom there is insufficient evidence will be punished by such measures as having their political rights suspended for a number of years.

3. Dr. Yofre called attention to Videla’s recent “opening to the other sectors” under which he has lunched with a number of scientists, writers and with ex-Foreign Ministers such as Hipolito Paz (a Peronist), Miguel Angel Zavala Ortiz (Illia’s Foreign Minister), Pablo Pardo and others. Also as part of this “opening”, Videla has appointed Oscar Camilion (MID) Ambassador to Brazil, Americo Ghioldi (PSD) Ambassador to Sweden, Hector Hidalgo Sola (UCR) Ambassador to Venezuela and Leopoldo Bravo (Bloquista) to the Soviet Union. (Yofre said the new Ambassador to Washington had not yet been confirmed, but that a decision would probably be made within the next few days. He confirmed that Arnaldo Musich has the inside track.) Yofre asked if Videla’s opening has been noted in the United States and by US newsmen here, and if so whether or not it has reassured them regarding the government’s moderate policies.

4. The Political Counselor answered that the opening has been noted both by the Embassy and by US newsmen. However, he said he doubted newsmen were reassured and he related a conversation with a key US journalist in which the latter had concluded that Videla’s lunches with reps of other sectors and his appointment of political party figures to ambassadorships simply underlined Videla’s own moderation; in the eyes of the correspondent, they did not indicate that Videla could control the hardliners. This, the Political Counselor said, seems to be the question foremost in the minds of many observers. Everyone recognizes that Videla himself is a sincere, decent and moderate man. But there are many in the Armed Forces who want more drastic solutions, and who obviously are not enthusiastic over Videla’s moderate approach. Can he control such hardliners?

5. Yofre admitted that Videla is having trouble with the hardliners but stated categorically that Videla can and will control them. Yofre noted that Videla’s style is not one of frontal confrontations; hence, he is maneuvering behind the scene and is waiting for an appropriate moment to assert himself. He wants to control the hardliners, but he wishes to do so in such a way as not to split the Armed Forces wide open.

6. Dr. Yofre noted that there are two distinct complications in checking the hardliners and in bringing the human rights problem under control: (A) The first is that the country is in an all-out war against subversion. In the heat of battle there will inevitably be some violations of human rights. And Yofre warned that the government plans to drastically step up its campaign against the terrorists very shortly. (B) Secondly, he said, there are a number of groups who are operating on their own. Videla and his staff have not yet been able to determine whether these groups are operating from within the government or from outside. Whatever the case, it is clear that these groups are operating in violation of the government's policies and may have as one of their objectives to undermine the image and position of the present government (the suggestion, then, is that they are hardliners who would like nothing better than to embarrass the present government). It was doubtless such a group was responsible for the Micheline kidnapping and murder, Yofre said. He concluded that the government must get to the bottom of the question and bring such groups under control.

7. Interestingly, Dr. Yofre admitted that there are serious problems between the Army and the Navy. He noted, for example, that the Navy has arrested a number of people without informing the Army. He specifically referred to problems between the Foreign Ministry, which is under the control of the Navy, and the Office of the Presidency, which Videla controls himself. Yofre voiced the opinion that the Navy was making a mess of things in the Foreign Ministry and that Naval officers under Admiral Guzzetti (the Foreign Minister) are showing signs of petty jealousy and vindictiveness towards members of the Office of the Presidency. By way of illustration, Yofre claimed that the Naval officers who are reorganizing the ministry are trying to get rid of his law partner, Arnaldo Listre, currently Argentine Minister-Counselor to the OAS. According to Yofre, the Navy is taking the position that Listre is a dangerous leftist. In fact, however, Yofre noted Listre's real sin is that he is a close friend of Yofre's and thus has an "in" with the Office of the Presidency. This makes the Navy nervous. (Note: Listre is well known to EmbOffs. He is a respected and moderate member of the UCR. We would therefore agree with Yofre's analysis.)

8. Ambassador Hill indicated that relations between our two governments are excellent, but that we are having some problems of communication. He suggested, therefore, that Yofre might serve a very useful purpose if he were willing to act as a conduit between the Embassy and President Videla. We frequently have views and information which might be of interest to the President, Ambassador Hill noted, but we of course did not wish to bother the President himself. If we could pass such information through Yofre, and Yofre in turn could

pass to us any views or impressions which the President would like to call to our attention, it could be most helpful.

9. Yofre agreed that this was an excellent idea and said he would suggest it to President Videla immediately. He noted that perhaps as the first piece of information to pass through the pipeline, the President would be interested in knowing whether or not General Motors and Chrysler plan to close down their plants for a period of time. Ambassador Hill said he would check and would have the Political Counselor call that afternoon. (This was done—neither General Motors nor Chrysler do plan to close their plants, although they may have to lay off some workmen).

10. Comment: Yofre is obviously convinced of Videla's good intentions and believes the latter, in his quiet and unassuming way, will be able to control the hawks and guarantee the survival of the moderate line. Perhaps. However, unless Videla is able very quickly to stop the sort of death-squad activities such as the Michelini kidnapping and murder, most observers will conclude that he has lost control of the situation, and his image will suffer an irretrievable loss. It may well be that his hardline enemies murdered Michelini with the primary purpose of embarrassing President Videla. But that is all the more reason for Videla to wish to bring them in line. Indeed, he must bring them under control or they will very likely do in his govt.

Hill

45. Telegram 3462 From the Embassy in Argentina to the Department of State¹

Buenos Aires, May 25, 1976, 1525Z.

3462. Subject: Request for Instructions.

1. In view of the general worsening human rights situation here, I believe the time has come for a *démarche* at the highest level. Hence, I request instructions to ask for an urgent appointment with the Foreign Minister.

2. I wish authorization to say to him the following: quote The US very much sympathizes with the moderate policies announced by President Videla and had hoped to be helpful to Argentina in her process of national reconstruction and reconciliation. We fully understand that Argentina is involved in all-out struggle against subversion. There are, however, some norms which can never be put aside by governments dedicated to a rule of law. Respect for human rights is one of them. The continued activities of Triple A-type death squads which have recently murdered Michelini, Gutierrez Ruiz and dozens of others and have just kidnapped a member of the Fulbright Commission, Miss Elida Messina, are damaging the GOA's generally good image abroad. These groups seem to operate with immunity and are generally believed to be connected with the Argentine security forces. Whether they are or not, their continued operation can only be harmful to the GOA itself and cause consternation among Argentina's friends abroad. End quote.

3. In view of the pace of developments, I would appreciate reply by immediate cable.

Hill

¹ Summary: In view of the worsening human rights situation, Hill requested permission to deliver a *démarche* to the Foreign Minister to express the concern of the U.S. Government.

Source: National Archives, RG 59, Central Foreign Policy File, D760203-0109. Secret; Immediate; Limdis. In telegram 129048 to Buenos Aires, May 25, the Department concurred. (Ibid.) In telegram 3576 from Buenos Aires, May 28, Hill reported on his May 27 *démarche* to the Foreign Minister, noting that he had advocated "some sort of statement on part of GOA deploring terrorism of any kind, whether from left or right, and reaffirming GOA's resolve to enforce law and respect human rights." Hill added that while "Guzzetti indicated his understanding of the problem, I did not have the impression he really got the point." (Ibid., D760208-0267)

46. **Briefing Memorandum From the Director of the Bureau of Intelligence and Research (Saunders) to Secretary of State Kissinger¹**

Washington, June 4, 1976.

Murders in Argentina—No Intergovernmental Conspiracy

The recent murders in Argentina of former Bolivian president Juan Jose Torres and ex-Uruguayan parliamentarians Zelmar Michelini and Hector Gutierrez Ruiz raise questions about the security practices of the governments of the Southern Cone (Argentina, Brazil, Bolivia, Chile, Paraguay and Uruguay). Most precisely:

—What degree of cooperation exists among the security forces of the Southern Cone? and

—Do these security forces actively participate or passively acquiesce in a program to execute political exiles who oppose one of the governments involved?

The fact that all the countries cited are controlled by conservative military regimes whose record on human rights has been criticized will generate rumors and allegations of the existence of an intergovernmental assassination program. However, there is no evidence of any such conspiracy.

Southern Cone security forces undoubtedly coordinate their anti-subversive efforts insofar as information exchanges are concerned, and Argentina and Brazil may provide advice and limited training to smaller neighbors. Cooperation of this sort is logical:

—all the Southern Cone governments consider themselves targets of leftist subversion of an international character;

—there is irrefutable evidence that terrorists move back and forth across Southern Cone boundaries; and

¹ Summary: The Bureau of Intelligence and Research concluded that security forces were probably involved in extrajudicial killings in Argentina, but that there was no evidence to support the contention that the military regimes of the Southern Cone were cooperating in an international assassination program.

Source: National Archives, RG 59, Central Foreign Policy File, P760092–1738. Secret; Not Releasable to Foreign Nationals. Drafted by Buchanan. An expanded and updated version of this report was sent to all American Republics diplomatic posts, Lisbon, Oslo, Paris, Rome, Stockholm, and USCINCSO in telegram 178852, July 20. Like this memorandum, the updated report noted that the fact that the killings of foreign political figures were happening primarily in Argentina lent “credence to the idea that their origins lie in a uniquely Argentine set of circumstances rather than in an elaborate international conspiracy.” The report also noted that Argentine security personnel were “clearly involved in the anti-exile activities, although it is impossible to assess in what numbers or at what level of command.” (Ibid., D760279–0200)

—terrorists based in Bolivia (ELN), Uruguay (Tupamaros), Chile (MIR), and Argentina (ERP) are formally, if somewhat ineffectually, associated together in a Revolutionary Coordinating Junta (JCR). The JCR is primarily a creature of the Argentine ERP, and according to available information, it has not sponsored any major operations.

There is no evidence to support a contention that Southern Cone governments are cooperating in some sort of international "Murder Inc." aimed at leftist political exiles resident in one of their countries. Furthermore, it is difficult to understand why the Uruguayan or Bolivian authorities would themselves execute or conspire to have the Argentines execute men like Gutierrez Ruiz, Michelini and Torres. These men pose no threat to their governments.

The fact that these incidents are occurring in Argentina and not elsewhere in the Southern Cone suggests that they are attributable to a uniquely Argentine set of circumstances. Amidst the murderous three-cornered battle going on in Argentina amongst left-wing terrorists, government security personnel and right-wing goon squads, exiles can become victims for a number of reasons:

—Operational involvement with one of the Argentine terrorist groups, as appears to have been the case with Chilean MIR leader Edgardo Enriquez.

—Past association with foreign and/or Argentine leftist groups, a fact that, in and of itself, is sufficient cause for death in the eyes of fanatical Argentine right-wingers. This may have been the crime of Michelini, Gutierrez Ruiz and Torres.

—Efforts by hardliners in the Argentine government to force President Videla into more stringent suppression of terrorists, a motivation which also may lie behind the death of the prominent Uruguayan and Bolivian exiles.

In all likelihood, the assassinations are the work of right-wingers, some of whom are security personnel. Argentine President Videla probably does not condone or encourage what is happening, but neither does he appear capable of stopping it.

47. Telegram 3741 From the Embassy in Argentina to the Department of State¹

Buenos Aires, June 7, 1976, 1508Z.

3741. Subject: Possible International Implications of Violent Deaths of Political Figures Abroad. Ref: State 137156.

1. Elements of GOA security forces may well have been involved in murders of Uruguayans Michelini and Gutierrez Ruiz and of Bolivian ex-President Torres. Embassy has no positive evidence that this is the case but there is considerable circumstantial evidence. Those who kidnapped Gutierrez Ruiz, for example, remained at his home for something like an hour, made no effort to hide their presence and obviously did not fear intervention on part of police. Left-wing terrorists unlikely to have behaved with such impunity. Further, federal police at first refused to even accept denuncia of Mrs. Michelini when she attempted to report that her husband had been kidnapped, and they made no effort to investigate until several days later.

2. Even though elements of govt security forces may be involved, it is by no means clear that such operations are condoned by top echelons of GOA. On contrary, Videla and moderates may well disapprove. Videla reportedly very disturbed over Torres murder and is said to have given orders that matter must be investigated thoroughly and those guilty brought to justice. So far, however, despite his seemingly good intentions, Videla has not been able to stop abuses. Sources close to him insist that he will shortly take measures to bring situation under control. So far, however, he has not asserted himself and taken effective measures. This could simply reflect his cautious style. On the other hand, some observers are convinced that Videla does not have the strength to confront the hardliners and that a confrontation would

¹ Summary: The Embassy reported circumstantial evidence that elements of the Argentine security forces were involved in the killing of foreign political figures in exile in Argentina. The Embassy also called the theory that hard-liners within Southern Cone governments were working together to eliminate Communists and leftists "interesting," adding that it "would possibly explain developments."

Source: National Archives, RG 59, Central Foreign Policy File, D760219–0086. Secret; Immediate. Repeated Priority to Asunción, Brasília, La Paz, and Montevideo. In telegram 137156 to Buenos Aires, Montevideo, Asunción, Santiago, Brasília, and La Paz, June 4, the Department noted its concern over "the recent sharp increase in the number of assassinations of foreign political figures in exile or political asylum in or from your countries" and asked if "the deaths of political refugees or asylees from your country abroad could have been arranged by your host government through institutional ties to groups, governmental or other, in the country where the deaths took place." (Ibid., D760214–0807)

lead to his removal as President; hence, this theory holds, he must ride along and hope that a propitious moment presents itself.

3. Whatever the reason for Videla's continued inertia in this area, the results are the same. Our best estimate is that elements of security service are involved, that they have approval at least of their immediate superiors and count on tolerance (or more) of levels even higher. How high acquiescence goes is impossible to determine at this time. One thing is clear, Videla cannot long hide behind protestations of innocence. If such abuses continue much longer without effective counter-measures, culpability (whether by omission or commission) inevitably will be imputed to his govt.

4. Argentine security forces are certainly in touch with sister services in neighboring countries and there may well be cooperation among them. UNHCR here has told EmbOff his office has names of Uruguayan security officers now in Buenos Aires who are cooperating with GOA security forces in identifying Uruguayan exiles of interest to GOU. UNHCR is investigating five specific cases of Uruguayans believed to have been taken back to Uruguay. UN rep suggests that hardline elements within Uruguayan military sponsored deaths of Michellini and Gutierrez Ruiz, with executive assistance of like-minded elements in Argentine security forces. Theory is that this was intended as warning to others in GOU against any "apertura" to moderate or leftist elements, and would have practical effect of eliminating potential leaders of Uruguayan opposition. Embassy Montevideo is in better position to comment on this theory. Whether GOU was involved or not in Michellini/Gutierrez Ruiz affair, we believe, as indicated above, that Argentine security forces, or elements thereof, were. GOA would have limited interest in elimination of such exile leaders for its own ends, however; hence, it is likely that killings were meant as a favor (whether requested or not) to GOU or to elements in Uruguayan military/security forces.

5. In case of former President Torres of Bolivia, we have less to draw upon. Reports have reached us that Torres was considered by GOA to have been directly and actively involved with Bolivian extremists such as ELN and Argentine Montoneros. GOA, or its hardline elements, might have had sufficient cause to kill him for own ends, or same situation may have existed as outlined above for Uruguay. UNHCR rep, who knows countries of region well, feels that killing of exile leader such as Torres is not in Bolivian style—Embassy La Paz will be better judge of that. On other hand, UN rep told us that posters have been reported in city of Salta and Argentine/Bolivian border areas which carry photos and names of prominent Bolivian exiles such as Torres and which ask Argentine public to report whereabouts to Argentine (sic) police. Posters are said to carry seal of Bolivian Govt. We have no confirmation of this.

6. UN rep also reports presence of Chilean security officers in Mendoza, and says he is certain there are Brazilian officers on liaison missions here as well. He has no firm reports as yet of forcible repatriations or arranged killings of nationals of these countries, however, but he believes they are taking place.

7. In realm of speculation, UN rep suggests that there may be an informal “understanding” and cooperation among hardline elements in military governments of Southern Cone to purge area of what they consider “Communist and leftist” elements, by specific killings and by intimidation of various exile communities and resultant exodus to countries out of region. The theory is interesting and would possibly explain developments.

Hill

48. Memorandum of Conversation¹

Santiago, June 10, 1976, 8:10–9:15 a.m.

PARTICIPANTS

The United States
The Secretary
Under Secretary Rogers
Under Secretary Maw
Luigi R. Einaudi, S/P—Notetaker
Anthony Hervas, Interpreter

Argentina
Foreign Minister Guzzetti
Ambassador Carasales
Ambassador Pereyra
Mr. Estrada

¹ Summary: Kissinger and Guzzetti discussed bilateral relations, regional and international issues, terrorism, and human rights.

Source: National Archives, RG 59, Central Foreign Policy File, P820118–1531. Secret; Nodis. Drafted by Einaudi and approved in S on March 7, 1977. Brackets are in the original. The meeting took place in the Secretary’s suite in Santiago where he and Guzzetti were attending the OAS General Assembly meeting. The memorandum of conversation is dated June 6, but according to Kissinger’s Calendar of Events, the meeting occurred on June 10. (Secretary’s Calendar of Events; *ibid.*, Executive Secretary Briefing Books, 1958–1976: Lot 76D284, Box 243, Secretary’s Visit to Latin America, 6–13 June 1976, follow-up) A report on Kissinger’s June 18 meeting with Martínez de Hoz is *ibid.*, Central Foreign Policy File, D760238–0062. A report on Simon’s June 16 meeting with Martínez de Hoz is *ibid.*, D760242–0883.

Guzzetti: If you do not mind, I prefer to speak Spanish. It is difficult for me to express myself in English.

The Secretary: Not at all. I myself negotiate with the Germans in English even though I was 15 when I left Germany.

You realize, of course, that no matter what happens, I will be in Argentina in 1978. That is the year the World Cup will take place.

Pereyra: We are waiting for it too.

The Secretary: Argentina will win.

Guzzetti: I am not sure.

The Secretary: If you can control an Argentine crowd when Argentina loses, then you can say you have really solved your security problem. I remember in 1967, I think it was, the Scottish team precipitated a riot after a World Cup loss.

Carasales: Yes it was in 1967. It is difficult to lose.

The Secretary: It is better not to be in Brazil when Brazil loses. There a loss leads to suicides in the street.

But perhaps it will be possible for me to be in Argentina in several capacities.

Pereyra: What is the outlook in the United States?

The Secretary: The political situation is crazy. Now it seems clear that it will be Carter for the Democrats. Even though he lost badly in California and New Jersey.

Rogers: Ford did better against Reagan than Carter against his rivals.

The Secretary: And a 69-year old Japanese linguistics professor won the Republican Senatorial nomination in California.

Carasales: California is a very peculiar state.

Pereyra: Did you know that Argentina briefly claimed California in 1817? An Argentine battleship first visited Hawaii, then stayed 15 days in California, claiming the area for Argentina.

The Secretary: Just a minute now. I want you to know that we bought Hawaii, we paid for it, and we intend to keep it forever.

Of course, if we were to tell our press that we were opening negotiations with Argentina over California and Hawaii that would at least take Panama out of the headlines.

Guzzetti: Our main problem in Argentina is terrorism. It is the first priority of the current government that took office on March 24. There are two aspects to the solution. The first is to ensure the internal security of the country; the second is to solve the most urgent economic problems over the coming 6 to 12 months.

Argentina needs United States understanding and support to overcome problems in these two areas.

The Secretary: We have followed events in Argentina closely. We wish the new government well. We wish it will succeed. We will do what we can to help it succeed.

We are aware you are in a difficult period. It is a curious time, when political, criminal, and terrorist activities tend to merge without any clear separation. We understand you must establish authority.

Guzzetti: The foreign press creates many problems for us, interpreting events in a very peculiar manner. Press criticism creates problems for confidence. It weakens international confidence in the Argentine Government and affects the economic help that we need. It even seems as though there is an orchestrated international campaign against us.

The Secretary: The worst crime as far as the press is concerned is to have replaced a government of the left.

Guzzetti: It is even worse than that . . .

The Secretary: I realize you have no choice but to restore governmental authority. But it is also clear that the absence of normal procedures will be used against you.

Guzzetti: We want to restore republican rights. In the meantime, we must defeat terrorism and resolve our economic problems. It takes time.

The Secretary: We can't help you much on the terrorist front.

Guzzetti: I understand.

The Secretary: But in the economic field, we may be able to do something. I understand your Minister of Finance will be in Washington next week. I hope he will not be there before Rogers gets back.

Guzzetti: Yes.

Rogers: Martinez de Hoz is a good man. We have been in close consultations throughout. He will be seeing Simon.

Guzzetti [To the Secretary]: I would be grateful if you could see him, to give him some support as he takes his first steps . . .

The Secretary: I will see him for 15 minutes as a symbolic gesture.

Guzzetti: Yes, thank you very much. That would help our image greatly.

The Secretary: We will use our influence in the private sector to see what can be done.

Guzzetti: Martinez de Hoz will also be going to Europe. But he will be visiting the United States first, and I believe a successful visit in the United States will be a precondition to his success in Europe.

The Secretary: I don't know the details of the financial situation. But we have a foreign policy interest in Argentina. We should be able to use our influence. The private sector can be of greatest assistance. I will call David Rockefeller.

Rogers: Yes. Chase could be very helpful.

The Secretary: And I will call his brother, the Vice President.

Pereyra [To Guzzetti]: I think Secretary Kissinger would be interested in hearing about the large number of people who have entered Argentina since 1973.

Guzzetti: Since 1973, often illegally or semi-legally, ½ million foreigners have entered Argentina as asylees. A large number of them have come from Chile.

The Secretary: Half a million? That is amazing. I didn't know.

Guzzetti: They have come from all our neighboring countries: Uruguay, Paraguay, Bolivia, as well as Chile.

Few have normal work, with proper documentation. Most are very poor and subsist in semi-legal fashion. Many provide clandestine support for terrorism. Chile, when the government changed, resulted in a very large number of leftist exiles. The Peronist Government at the time welcomed them to Argentina in large numbers.

The Secretary: You could always send them back.

Guzzetti: For elemental human rights reasons we cannot send them back to Chile. But we have tried third countries. No one wants to receive them. There are many terrorists.

The Secretary: Have you tried the PLO? They need more terrorists.

Seriously, we cannot tell you how to handle these people. What are you going to do?

Guzzetti: We are cooperating with international organizations to try to help them get documents and to get them work. Those who want to leave, of course, can. We are prepared to pay their fare.

The Secretary: If you can find a place for them.

Guzzetti: Right.

Pereyra: The problem is that everyone worries, and no one helps. Think of what happened to the Greek exiles.

The Secretary: I understand the problem. But if no one receives them, then what can you do?

Guzzetti: We are worried about their involvement in the terrorism problem. But many fear persecution, and do not want to register.

The Secretary: How many are we talking about?

Guzzetti: The total number of foreigners in Argentina, combining legal and illegal, would be around 500,000.

The Secretary: And how many of these do you feel are engaged in illegal activities?

Guzzetti: It is difficult to say. Perhaps 10,000. Only 150 Chileans are legal. We have no names. Only the refugee committees know something in detail. But their problems create unrest, and sometimes even logistic support for the guerrillas.

The Secretary: We wish you success.

Carasales: You are very kind.

The Secretary: I do not know what to say. We will do what we can on the economic front. A stable Argentina is of interest to the hemisphere. That has always been true. It is basic.

But this problem of terrorism is strange. There have always been parts of cities that were not really safe, that had no government. That in itself was not a political problem. But when it merges with political terrorism, we have no clear precedents.

The problem should be studied. Unfortunately, those who have the time to do so are usually on the side of the guerrillas.

Guzzetti: The terrorist problem is general to the entire Southern Cone. To combat it, we are encouraging joint efforts to integrate with our neighbors.

The Secretary: Which ones?

Guzzetti: All of them: Chile, Paraguay, Bolivia, Uruguay, Brazil.

The Secretary [sharply]: I take it you are talking about joint economic activities?

Guzzetti: Yes. Activities on both the terrorist and the economic fronts.

The Secretary: Oh. I thought you were referring only to security. You cannot succeed if you focus on terrorism and ignore its causes.

Guzzetti: You are right. People need to develop a broader consciousness that the only way to defeat terrorism in the future in our part of the world is through greater regional integration and economic stability.

The Secretary [mollified]: That sounds like a good idea.

Guzzetti: We must create disincentives to potential terrorist activities. Specifically, terrorism is becoming extraordinarily virulent. People on the outside don't look for details. They don't see the provocations that we face, or our efforts to resolve them.

The Secretary: Let me say, as a friend, that I have noticed that military governments are not always the most effective in dealing with these problems.

Guzzetti: Of course.

The Secretary: So, after a while, many people who don't understand the situation begin to oppose the military and the problem is compounded.

The Chileans, for example, have not succeeded in getting across their initial problem and are increasingly isolated.

You will have to make an international effort to have your problems understood. Otherwise, you, too, will come under increasing attack. If

there are things that have to be done, you should do them quickly. But you must get back quickly to normal procedures.

Guzzetti: Yes, we must find procedures so as not to alienate people. I will so advise our President.

Pereyra: I would like to comment. Many persons who write are on the wrong side. We have been truly trying to reach our people. But there is little to make opinions change. The fact is that internal subversion is linked up to other countries. The problem is soluble so long as domestic conditions hold. But if the integrity of government is challenged, then to apply the principle of political balance means to favor subversion. Terrorism feeds upon and creates tensions among neighbors. So we need both domestic stability and regional unity.

The Secretary: It is certainly true that whatever the origin, terrorism frequently gains outside support. And this outside support also creates pressures against efforts to suppress it.

But you cannot focus on terrorism alone. If you do, you only increase your problems.

Guzzetti: Yes, there is a need for balance between political rights and authority.

The Secretary: I agree. The failure to respect it creates serious problems. In the United States we have strong domestic pressures to do something on human rights.

Guzzetti: The terrorists work hard to appear as victims in the light of world opinion even though they are the real aggressors.

The Secretary: We want you to succeed. We do not want to harass you. I will do what I can. Of course, you understand, that means I will be harassed. But I have discovered that after the personal abuse reaches a certain level you become invulnerable.

[Group moves to sitting room]

Guzzetti: Until now, the United States Government has abstained on the Falkland Island issue. The issue is very important to Argentina. We hope that the United States Government would reconsider its position and help us.

The Secretary: It is difficult for us to get involved.

Guzzetti: I know.

The Secretary: It is difficult for us. But I suspect that, even so, over time the problem can be solved. The original purpose of the British presence is no longer being served by the Falklands, which are no longer necessary to protect sealanes.

Guzzetti: That is true, but what troubles us is that Great Britain wants self-determination for 2,000 people—and 1,600 of them are employees of the Falkland Island Company. This is not a question of

historic rights. So long as this uncertain situation is unresolved it can always be complicated by collateral issues. I am convinced they will start again.

The Secretary: I know the British Prime Minister. It is a good thing for the peace of the world that he no longer has the Navy he had before World War II. But they found out in Iceland how useless modern weaponry can be under certain circumstances. Sharp steel poles in gunboats can cut up frigates. I am afraid that I think the same will happen to the United States Navy.

Pereyra: Chesterton once said that in the England of the future the arms would be so sophisticated that bows, arrows and knives would settle the issue.

The Secretary: That is true. We spend so much on increased sophistication that next we will get a plane that plays the national anthem automatically. Yet I remember in Vietnam on the Ho Chi Minh trail the F–4's with their missiles in 400 sorties destroyed 15% of their targets. DC–4's armed with cannons destroyed 85%. An F–15 can't even see a truck. And now, look at Angola. Modern warfare is becoming too complicated for the modern warriors. The British admirals will have to settle.

Guzzetti: Talking about Angola, we must prepare to solve South Atlantic security.

The Secretary: What do you mean?

Guzzetti: We must improve contact so that each country can be prepared to control its own area of responsibility in the South Atlantic so as to prevent recurrences of Angola.

The Secretary: I can see no objection right now to an exchange of views at the Navy level on what might be done. But the major problem is to get Cuba out of Angola. Secondly, we must demonstrate the limits of Cuban strength. It is absurd that a country of 8 million that has no resources should send expeditionary forces halfway around the globe.

I can tell you, that we cannot and will not tolerate new Cuban activities of this kind. A few advisors may be OK but organized military units are unacceptable.

Guzzetti: Angola could become the spearhead of further efforts.

The Secretary: If the troops get out, we would not permit them to return. The local forces do not fight well.

Pereyra: We have information that in Angola there is a strong reaction against Cuba.

The Secretary: Perhaps. We do not have any good information. Our evidence is that Cuban troops don't like being there and didn't like the casualties. We suspect there is something of a rivalry between the Cubans and the Soviets over who to support in Angola. There is

a rivalry within the MPLA between black and mulatto leaders. Some, like Neto are very white. There is a basis for racial conflict. We hear that the Soviets support the blacks, the Cubans support the mulattos.

Guzzetti: They have internal problems.

The Secretary: Yes. It is a real problem for the Cubans.

Carasales: Do you believe Castro will withdraw his troops?

The Secretary: He may withdraw some, perhaps. Then he thinks he can stop. He may believe he doesn't need all 15,000 men there now.

Carasales: The rate of withdrawal seems slow. It will take them a year at least.

The Secretary: More than a year. In fact, we can't even confirm that he is withdrawing any forces now.

[At 9:10 the Secretary and Guzzetti leave for a word alone. At 9:14 they re-emerge, and the meeting ends.]

49. Transcript of the Secretary of State's Staff Meeting¹

Washington, July 9, 1976, 8:21–9 a.m.

[Omitted here are a list of participants and discussion unrelated to Argentina.]

Secretary Kissinger:

Go ahead, Harry.

Mr. Shlaudeman: Well, let me just say that it looks very much that this group for Videla in Argentina—the security forces are totally out of control. We have these daily waves of murders.

¹ Summary: Shlaudeman reported that the security forces in Argentina appeared to be out of control and noted that there seemed to be little that the United States could do to influence the situation.

Source: National Archives, RG 59, Transcripts of Kissinger Staff Meetings, Entry 5177, Lot 78D443, Box 10, Secretary's Staff Meetings. Secret. Kissinger chaired the meeting, which was attended by all the principal officers of the Department or their designated alternates. The Chief of the Argentine Federal Police, Brigadier General Cesáreo Angel Cardozo, was killed on June 18 by a bomb placed under his bed. (*Washington Post*, June 19, p. A-12) In a July 10 memorandum to Kissinger, Shlaudeman described the background of political violence in Argentina and concluded that the situation there was likely to be marked by "*continuing instability and little opportunity for constructive U.S. action until more effective governmental leadership emerges.*" (National Archives, RG59, Central Foreign Policy File, P760117-0987)

Secretary Kissinger: Whom are the security forces working for though?

Mr. Shlaudeman: They're working for themselves pretty much now.

Secretary Kissinger: Yes, but in what direction?

Mr. Shlaudeman: It's what's turned into a very large-scale Mafia warfare between the security forces and the leftist urban guerrillas. We get our human rights constituents—who, it sometimes seems to me, are the only ones we have—clamoring after us all the time about Argentina, because they think it is another Chile—but it isn't.

Secretary Kissinger: It's worse.

Mr. Shlaudeman: It's totally different. The Chileans eliminated their opposition, really, in the first 24 hours; but nobody in Argentina is in control of anything. And this thing is a bad situation.

Secretary Kissinger: But what could be done if we wanted to do something—

Mr. Shlaudeman: I don't think there's anything we can do, frankly.

Secretary Kissinger: —if they're out of control?

Mr. Shlaudeman: I think we have to wait until somebody surfaces to get a handle on this.

Secretary Kissinger: Do the security forces work according to some theory? I mean do they have specific targets?

Mr. Shlaudeman: Yes. I think their theory is that they can use the Chilean method—that is, to terrorize the opposition—even by killing priests and nuns and others.

The problem is that they're up against a much tougher situation with the Chileans where the guerrillas are very well organized, very well armed.

Secretary Kissinger: But whom do the guerrillas get their support from?

Mr. Shlaudeman: They're getting most of their support internally. They have a lot of middle-class supporters.

Secretary Kissinger: But where do they get their arms from?

Mr. Shlaudeman: They get their arms from killing people and building a very large war chest.

Secretary Kissinger: Yes, but what is their basic orientation?

Mr. Shlaudeman: There are two groups—the ERP and the Montoneros. The ERP are Trotskyites—

Secretary Kissinger: That's a great choice we have.

Mr. Shlaudeman: —really.

Secretary Kissinger: But if these guerrillas are so powerful that even something doesn't put them down, what are they screaming about—that they can terrorize and kidnap?

Mr. Shlaudeman: That's exactly right.

Secretary Kissinger: I mean what is it that should be done?—because, clearly, these movements aren't going to stop their kidnapping; are they?

Mr. Shlaudeman: No, not at all.

I think the difference between the two countries has to be explained—the difference between these situations—and the fact is that we can really do nothing at the moment about this situation, I think.

Secretary Kissinger: But even if we could, what would we do? Wouldn't the operational consequence of telling the government to lay off be that the terrorists take over—if the situation is as you've described it?

Mr. Shlaudeman: Yes; and I also think that telling them to lay off is fruitless, because the people who are doing it—they have no real control of it.

Secretary Kissinger: That's the position. But it isn't just mindless terror either, is it?

Mr. Shlaudeman: No—although it descends to that level at times.

Secretary Kissinger: But on both sides.

Mr. Shlaudeman: Very much so. The terrorists—the guerrillas are using these bombs increasingly, if you say the story about the police chief's daughter's best friend who put the bomb under his bed and blew him up.

Secretary Kissinger: What was she doing in his bedroom? (Laughter.)

Mr. Habib: She had gone to study. (Laughter.)

Secretary Kissinger: Do you want to do a memo for me—

Mr. Habib: I will.

Secretary Kissinger: —giving me the breakdown of the various groups so that I understand what I am reading?

Mr. Habib: I will.

Secretary Kissinger: O.K.

[Omitted here is material unrelated to Argentina.]

50. Memorandum of Conversation¹

Washington, July 19, 1976, 2:35 p.m.

PARTICIPANTS

President Ford
Amb. Arnaldo T. Musich, Argentine Republic
Brent Scowcroft, Assistant to the President for National Security Affairs
Amb. Harry W. Schlaudeman, Assistant Secretary of State for Inter-American Affairs
Hampton Davis, Assistant Chief of Protocol

SUBJECT

Presentation of Credentials

[The press entered for photos.]

President: I hope you will join us tomorrow night at the White House reception.

Musich: I hope to, with my wife.

President: You were assigned to Washington before.

Musich: That is right.

[The press departed.]

President: Are you a skier?

Musich: No, unfortunately. I am a jogger and a biker.

President: I hear you have as good snow as Chile.

Musich: Not really. It is softer on our side.

President: We are happy to have you here. I would be interested in hearing your evaluation of the current situation in Argentina.

Musich: First, Mr. President, may I convey the greetings of my President and the government leadership.

We appreciate the firmness with which you have led the fight to reactivate the economy. It is important not only for the United States but for the world.

¹ Summary: Ford and Musich briefly discussed the guerrilla problem and the Argentine economy. Musich maintained that the guerrillas in Argentina received support from outside the country.

Source: Ford Library, National Security Adviser, Memoranda of Conversations, Box 20, July 19, 1976—Ford, Argentine Ambassador Arnaldo T. Musich. Secret; Nodis. Brackets are in the original. The meeting took place in the Oval Office. According to the President's Daily Diary, the meeting lasted from 2:25 to 2:36 p.m. (Ibid., White House Central Files, President's Daily Diary)

Let me point out the specific character of the guerrilla in Argentina. These are not local people. They are well organized, and they have foreign support.

President: From where?

Musich: From Cuba and elsewhere, like Chile. So I would hope that if circumstances demand, we could have direct contact, without, of course, prejudice to regular diplomatic channels.

President: Are they coordinated or separate?

Musich: We think they are coordinated at the top, at least.

President: They don't seem to be as active.

Musich: They are active on an individual basis now rather than by group action as earlier.

President: Why are they more visible in Argentina?

Musich: That is a difficult question. I think it happened earlier in Chile and Brazil. There they were encouraged earlier to come to the area.

President: How is your economy coming?

Musich: We are right now in a recession but we expect a good recovery later on.

We hope for a good wheat crop.

President: How about the drought?

Musich: It was not enough to damage the crops.

President: It is nice to have you here and I'm looking forward to seeing you tomorrow evening [at the White House reception for the Diplomatic Corps].

51. Telegram 4844 From the Embassy in Argentina to the Department of State¹

Buenos Aires, July 23, 1976, 2000Z.

4844. Subject: South American Southern Cone Security Practices. Ref: State 178852. (Not releasable to foreign nationals/not releasable to contractors or contractor-consultants/warning notice—sensitive intelligence sources and methods involved)

1. Embassy Buenos Aires offers following comments on INR Report No. 526 of July 19, 1976, as transmitted in reftel:

2. First, we agree with INR assessment that present evidence does not rpt not confirm that Southern Cone security forces are involved in well-organized conspiracy to eliminate exile leaders. It should be emphasized, however, that local governments have motivation and opportunity to do so, and it would be equally erroneous to conclude that such conspiracy is unlikely.

3. However, INR assessment underestimates degree of cooperation between regional security forces, in our opinion. Report recognizes that regional governments have organized to exchange information and to cooperate in certain areas (Operation Condor). It does not appear to take into consideration recent reports of the presence in Argentina of security forces personnel from Uruguay and Chile, for example, who appear to be acting as advisors to the Argentine forces in connection with nationals of their own countries supposed to be involved in subversion. One recent report cited Argentine Army source reference to a Uruguayan Army major assigned to the Uruguayan military intelligence service “who has been in Buenos Aires for the past several weeks cooperating with Argentine security forces in anti-terrorist operations.” Another report, [*less than 1 line not declassified*] cited presence in Buenos Aires of Uruguayan defense intelligence service personnel working in conjunction with Argentine security service. INR should also note [*less than 1 line not declassified*] which makes clear the extensive interchange

¹ Summary: The Embassy commented on a Bureau of Intelligence and Research report on Southern Cone security practices, suggesting that the report might have underestimated the extent of cooperation between regional security forces.

Source: National Archives, RG 59, Central Foreign Policy File, D760285–0673. Secret. In telegram 178852 to all American Republic diplomatic posts, July 20, the Department transmitted INR Report No. 526, an updated version of the June 4 report to Kissinger on Southern Cone security practices that is published as Document 46. The report concluded that “the evidence does not conclusively establish the existence of formal, high-level coordination among Southern Cone security forces for the express purpose of eliminating exiles,” though it did suggest “that cooperation does occur on at least a localized and opportunistic basis.” (National Archives, RG 59, Central Foreign Policy File, D760279–0200)

of personnel and active cooperation between Chile and Argentina on security matters. We consider that the evidence is heavily weighted in favor of the conclusion that both Chilean and Uruguayan security personnel are joining in operations of the Argentine security forces against terrorists and subversives, both in Buenos Aires and other parts of Argentina, although we cannot document the conclusion. It is probable that Argentine security personnel in turn have traveled to neighboring countries to cooperate with local security forces. Without question, regional governments have recognized and responded in kind to "internalization" of terrorist/subversive effort, represented in Southern Cone by the JCR.

4. In addition, there appears also to be misunderstanding, to which we may have contributed, as to composition of the various forces engaged in battle in Argentina. In para 4 of reftel, INR refers to ". . . tri-cornered battle among security personnel, leftists and right-wing assassins." This description implies that there are right-wing extremists operating completely independently in Argentina. During period of Triple A under last Peronist govt this was true as right-wing labor goons were probably as active as off-duty security personnel in murdering and harassing leftists. In our best judgment, the only "right-wing assassins" operating in Argentina at this point, however, are members of the GOA security forces. The battle is a two-sided affair, not tri-cornered. Only real question is degree to which security forces personnel may be operating out of GOA control.

Chaplin

52. Telegram 5637 From the Embassy in Argentina to the Department of State¹

Buenos Aires, August 27, 1976, 2020Z.

5637. Subject: Human Rights Situation in Argentina. Ref: (A) State 195912, (B) Buenos Aires 4852, (C) Buenos Aires 5521.

1. Summary: Political violence, with consequent violations of human rights, has been a feature of Argentine life for several years. Left-wing terrorism began in 1969 and over the years has been responsible for hundreds of political assassinations, kidnappings and attacks against private property and military and police installations. Counter, or right-wing, terrorism appeared in 1974 with the emergence of the famous Triple A (comprised of off-duty policemen and labor goons). Counterterrorism, prior to the change of govt, however, seemed to be aimed not so much at leftist terrorists as at progressive political figures and opponents of Mrs. Perón and Lopez Rega. Its victims numbered in the hundreds and it was guilty of shocking atrocities. This, then, was the situation the military inherited when it took power on March 24 of this year. President Videla immediately promised to defeat left-wing terrorism and at the same time to respect human rights; the government, he said, would monopolize power (i.e. vigilante activities outside the law would not be tolerated). In terms of the struggle against leftist subversion, Videla has been as good as his word. The govt has had marked success. The ERP has been severely damaged if not neutralized. The Montoneros have suffered important losses. The hope that counterterrorism would be brought under control, however, has not been realized. If anything, counterterrorism has increased. Kidnappings, tortures and murders of real or suspected “leftists” are commonplace—often on the flimsiest pretexts. Further, it is clear that in most cases the security forces themselves, or at least elements thereof, are

¹ Summary: In a full review of the human rights situation in Argentina, the Embassy concluded that security forces were responsible for most abuses but that their actions did not appear to reflect official Argentine Government policy.

Source: National Archives, RG 59, Central Foreign Policy File, D760329–0476. Secret; Priority. Repeated to Asunción, Brasília, Montevideo, and Santiago. In telegram 195912 to Buenos Aires, August 6, the Department requested the Embassy’s assessment of the human rights situation, noting that human rights problems in Argentina had “come under rapidly escalating scrutiny in last few weeks.” (Ibid., D760304–0832) In telegram 4852 from Buenos Aires, July 23, the Embassy reviewed the junta’s performance during its first four months in power, noting that human rights abuses were “likely to continue and perhaps even increase in Argentina, thus placing serious strains on US-Argentine bilateral relations.” (Ibid., D760286–0286) In telegram 5521 from Buenos Aires, August 24, the Embassy reported that elements of security forces had been responsible for the murder of 30 people whose bodies were found in a field near Pilar on August 20. (Ibid., D760323–0669)

the authors of these abuses. President Videla and those around him continue to insist that this does not represent govt policy, which remains one of respect for human rights. Policy or not, however, police violations of human rights remain uncurbed. There is contradictory evidence as to why. Some believe Videla is simply insincere in his protestations. This cannot be disproved or rejected out of hand. What seems more likely, however, is that the security forces are taking advantage of divisions within the govt, unclear policy guidelines, fuzzy lines of command and the fact that the govt must depend upon them in its fight against subversion. In short, because of these conditions, the security forces are operating with mission-type orders without much subsequent reference to the top levels of control. Even if this is the case, of course, the results are the same. Human rights violations continue. The willingness and ability of the present leaders of the GOA to correct this situation and stop human rights violations are not yet clear, but there is some evidence that they are moving in the right direction. The political ambience in which they are operating is complex in the extreme and the options are few. Even though leaders of what might be described as the political opposition (the UCR, the Peronists, labor leaders, etc) are deeply concerned over the question of human rights, they remain willing to give Videla the benefit of the doubt and more time to bring about rectifications. They have good reason to be patient, for most observers are convinced that if Videla is pushed aside, he would be replaced by someone far worse—probably a hardliner who would not even give lip service to respect for human rights. In sum, as the democratic forces in the country see it, Videla may be a weak reed for them to lean upon, but he is the only reed they have. President of Peronist Party, Deolinod Bittel, just coming out of four months of house arrest, for example, commented to EmbOffs on Aug 26, "Dr. Babbin of UCR and I are in full agreement that only the most irresponsible Argentine would wish to bring about the failure of the Videla govt, for what would follow it would doubtless be worse." End summary.

2. The environment of terrorism. In contrast to the Chilean situation, political violence and human rights violations are not a new factor in Argentina. Anti-govt terrorism and repressive countermeasures are familiar themes in recent Argentine history. The current state of siege was not instituted by the present govt; rather, it was imposed by Mrs. Perón's govt (the Lanusse govt had also ruled under states of siege). Political prisoners in significant numbers were held by the previous regime, and by the regime before that, as well as by the present govt. Terrorism and counterterrorism regularly left bodies in the streets well before the latest military coup. There has been a relative rise in the numbers of victims on both sides since March 24 of this year, but the

major change has been in the degree of interest shown by international opinion. Prior to the change of govt there were few expressions of concern from abroad concerning counterterrorism. Now, such expressions are commonplace.

3. The terrorist threat from the left certainly did not end on March 24. On the contrary, since then an estimated 200 military and police have been killed by terrorists and an unknown but significant number of civilians have died at their hands. An average of at least one active or retired member of the military or police is being killed every day, and bombings of specific targets are common. There have been several “spectaculars” such as the killing of the federal police chief in his own bed and the July bombing of police headquarters. Left-wing terrorism has been the most significant factor in Argentina’s inability to attract foreign investment.

4. GOA drive to control leftist subversion. In its drive to defeat the terrorists, the GOA has acknowledged killing some 450 claimed terrorists since March 24, and an unknown but undoubtedly large number of real or suspected terrorists and “subversives” have been detained. The GOA has had considerable success in reducing the ERP, but it is generally conceded that the Montoneros, despite losses, remain a dangerous and intact organization of an estimated 7,000 militants. This basic struggle between security forces and terrorist organizations is likely to continue for at least another year or so with a clear cut victory for the GOA not yet assured.

5. The visible battlefield. It is a grim fight and as in most such struggles of blood and passion there are violations of human rights on both sides. On the govt side, for example it is generally accepted that the police and military are using torture to obtain information from captured terrorists. This type of abuse is unfortunately all too common in forces around the world engaged in combat when immediate operational intelligence of direct and urgent concern and members of the engaged forces feel that the “enemy” has forfeited any rights by taking up arms. As in most such circumstances, it is usually impossible to pinpoint the degree of abuse or specific responsibility.

6. Legal detentions. Also as part of their visible efforts against terrorism and subversion, the security forces have detained numerous persons for investigation and questioning under either the provisions of the state of siege, the arms control laws, etc. Treatment of those who are actually “booked” tends to be relatively “proper”. Their homes may be ransacked and valuables stolen during the arrest, but once in custody torture does not seem to be routine. Some are held indefinitely, as they legally can be under the state of siege (see para 7), but others are freed after a short time and still others passed on to the procedures of the regular courts or to military courts martial when this is prescribed by law.

7. State of siege. The state of siege currently in effect in Argentina was imposed by Mrs. Perón's govt on Nov 6, 1974. The current military govt has not changed its status. As with state of siege provisions in most Latin American constitutions which have been regularly invoked throughout their history, many individual guarantees are suspended. The govt is authorized to hold suspects indefinitely and to move them from place to place within the country. Habeas corpus is suspended, as are many other rights, but judicial recourse is not altogether absent. Sooner or later those held under the state of siege must be released. And the courts continue to function. The state of siege is not an exceptional state of affairs in countries such as Argentina, and a reasonable utilization of such powers by the govt is not considered by most Argentines as constituting a violation of human rights. It does become questionable to public opinion when abused, as with the mass roundups of suspects in sports stadiums in Chile. Some Argentines are concerned that the govt here may be verging on abuse. An estimated 3,000 to 5,000 persons are now detained under the provisions of the state of siege. The GOA has released no total or list of those detained, and as various individuals are released others are detained; hence, it is almost impossible to determine how many prisoners are being held for a "reasonable" few weeks or a month and how many for an "unreasonable" few months. Whatever the length of time, enough people are affected by the detentions so that there is widening concern.

8. Other juridical measures. In addition to the state of siege, the GOA, since taking power, has promulgated a number of new laws and modifications to old ones. The penal code has been modified to include new offenses and to increase penalties for others. Certain laws, such as the "act of institutional responsibility", described even by the cautious Argentine press as "revolutionary justice", clearly appear to be violations of political and civil rights by any objective standard, but they do not appear to constitute violations of human rights in the generally understood sense. Moreover, the regular civil courts continue to function. They are, for example, dealing with charges of corruption and other abuses against members of the deposed govt. The courts have even challenged the GOA's failure to observe a provision of the constitution which permits a person held under state of siege to elect to leave the country, and the GOA has committed itself to resolve the legal conflict explicit in this case.

9. Counterterrorism. While the above-described spin-off effects of the govt's visible and "legal" drive against left-wing terrorism—e.g., a propensity not to take prisoners in combat, harsh interrogation of captured terrorists, legal detention of those suspected of terrorist connections, and emergency legislation which suspends certain rights—may have negative implications for the human rights situation, they

do not by any means represent the main problem. The area which is the cause of greatest concern is the much more complex and obscure matter of counterterrorism practiced by elements of the security forces whose authority (in terms of the origin of the orders upon which they act) is unclear. Since 1974, elements commonly described as representing the “extreme right” of the political spectrum have conducted their own terrorist campaign against the leftist guerrillas and, almost indiscriminately, against persons and groups identified—sometimes only very vaguely so—with the left. During Mrs. Perón’s govt, the best known of the rightist counterterrorist groups was the Triple A, made up largely of police personnel operating unofficially and some labor union goon squads. Without doubt, the Triple A counted with support at the highest levels of Mrs. Perón’s regime. With the advent of the military govt, the Triple A faded from the forefront (probably because of its identification with the Perón regime), but counterterrorism, if anything, increased. Our best estimate is that such activities are now carried out almost exclusively by active-duty and retired military and police personnel who are pursuing the anti-leftist campaign in something of the manner of a crusade. The worst of these units seems to spring from the federal police, rather than from the military. Their method of operation is well-known: civilian clothes, movement in the night in unmarked cars, kidnapping (as distinct from the legal arrest described in para 6), torture and even murder. Their victims have sometimes been targeted on the flimsiest of pretexts. The five priests who were murdered in July, for example, had nothing to do with terrorism, nor did the Bishop of La Rioja, who ostensibly was killed last month in an automobile accident but is believed to have been murdered by rightist “death squads.” A particular target has been the foreign refugee community living in Argentina, particularly Uruguayans and Chileans, with the Michelini-Gutierrez Ruiz murders and the recent disappearance of 17 Uruguayan refugees the most notorious cases so far. There are no statistics concerning the numbers of kidnappings, sessions of torture and bodies left scattered about, but the total since March must be in the hundreds.

10. Weeks’ case. To be sure, the line between “legal arrest” and “kidnapping” is sometimes blurred. The case of Father James Martine Weeks is perhaps illustrative. Weeks was taken into custody by Air Force intelligence agents in civilian clothes on Aug 3. The seminary in which he lived was ransacked and many valuables stolen. To the ex-nun housekeeper, the intruders pretended they were Montoneros, but they made no such pretense to Weeks; to him, they freely admitted they were intelligence agents (suggesting they may originally have planned to kill Weeks and the others and blame it on the left). Weeks was not involved with subversion and the only “evidence” found

against him were a few "Marxist" books and a "revolutionary" record. Even so, Weeks might never have been seen again had it not been for the Embassy's urgent inquiries on his behalf. Once the Embassy's interest became known, Weeks and those arrested with him apparently were switched from the category of "clandestine detainees" to "legally arrested". Even at that, however, the GOA denied consular access for almost ten days and never replied to US protest notes on the subject.

11. Official position of GOA. The modus operandi of security forces engaged in these extra-legal activities makes it clear that they enjoy support from above. The question is: how high does that tolerance reach? One theory is that the top levels of the GOA, including President Videla, are fully aware and approve of these sub rosa operations. In order to mute consequent damage to the govt's image at home and abroad, however, this theory runs, Videla feigns innocence and promises rectifications which he in fact has no intention of making. Such a theory cannot be rejected out of hand, but some available evidence—see para 12—tends to refute it, and it imputes to Videla a more Machiavellian turn of mind—and a greater ability to dissemble—than he appears to merit.

12. GOA must depend upon security forces. Videla must be aware of the myriad human rights violations, but the factors behind his failure to curb those abuses are probably far more complex than those suggested in the paragraph above. First, unlike the present Chilean or Uruguayan Govts, the GOA faces a dangerous terrorist threat from the left, one which if not brought under control could paralyze the economy and threaten the very existence of the govt. To defeat that threat, the Videla govt must rely on the existing security forces. So long as the threat from the left is there, therefore, the govt will hesitate to take steps to curb the excesses of the security forces if there is a high risk that in so doing it might demoralize, divide or alienate them. Evidence that the govt would like to control them, however, was seen in the appointment in early July of Gen Corbetta as Chief of Federal Police. Corbetta stated publicly that he would not tolerate illegal methods and he made genuine efforts to stop them. His efforts unfortunately coincided with the bombing of police headquarters in early July. Within days, police extremists had reacted by killing five Catholic priests and dozens of other victims. Corbetta was soon forced out by a near mutiny of the police and replaced by an officer who, while described as having the same inclinations as Corbetta, took command with a public expression of support for the police and any measures they deemed necessary to defeat subversion. The govt had tried and failed to control the police (see Buenos Aires 4852).

13. Divisions within govt. Secondly, Videla must concern himself not only with the reaction of the security forces, but must also guard

his flanks within his own institution. There are many officers who regard him as too soft, others who oppose his gov't's economic program, and still others who are bitterly opposed to the opening to the civilian political sectors which Videla and Viola hope at some point to bring about. Some observers hold that should Videla move to force the human rights issue before he has consolidated his political position, the result might be that in the ensuing turmoil he and his moderate followers would be removed from office and be replaced by hardliners who would not even wish to restrain counterterrorism.

14. Lack of coordination. Finally, the junta system itself is a contributing factor. Collegiate rule and division of responsibilities among the three services militate against a strong central authority and clear lines of command. This results in a situation in which each corps commander, each provincial governor, each municipal interventor and so on down the line, tends to operate with a high degree of independence. If a commander, or governor, is anti-Semitic, then Jews in his district are likely to have a hard time. If he is anti-Radical, UCR headquarters may be closed, etc. This is further complicated by an absence of coordination among the services or among individual units. Confusion often seems to reign. People working for the Army are arrested by the Navy. People who have been given a clean bill of health and released from detention in one zone are arrested the next day in another. Until this situation is corrected, until there are clear guidelines and clear lines of command from a strong central authority capable of enforcing its orders, excesses on the part of the security forces are not likely to be effectively controlled.

15. Conclusions. In sum, while human rights abuses are certainly occurring in Argentina, they do not appear to result from a policy on the part of the top levels of the GOA; rather, they represent acts on the part of elements of the security forces which the present leaders of the gov't, because of the conditions mentioned above, are hampered or prevented from controlling. This is not to say the GOA does not, in the end, bear responsibility. And if the present leaders cannot in due time bring their subordinates under control, they cannot expect to continue to convince other gov'ts or private investors that the GOA is worthy of confidence. Hence, what is in question more than anything else are the intentions—and the ability—of the present leadership to clear up lines of command, bring the security forces firmly under control, and curb human rights violations. There is some evidence that they are moving in that direction. Sanctions have been promised against those (police) responsible for the mass murder on Aug 20 (see Buenos Aires 5521). I Corps commander, moreover, has instructed military forces in his area to apprehend “unauthorized” persons or groups operating against leftists (see IR 6804 0212). Further, projected changes

in the military command structure may represent a first step on Videla's part toward consolidating his position. Certainly most Argentine political, religious and labor leaders with whom we are in contact, while very disturbed over the excesses at this point, remain willing to give Videla the benefit of the doubt and hope that he will yet right these wrongs. Indeed, they have few other options, for the consensus of opinion is that if Videla and the moderates are replaced, they will be replaced by hardliners, even less acceptable to those concerned over human rights. A high-ranking official of the Office of the Presidency recently stated to EmbOff: "We know we must get human rights matter under control and we want to do so, but if we move precipitately the only result may be the overthrow of Videla, and what good will that do the cause of human rights in Argentina?" The President of the Peronist Party, Deolindo Bittel, virtually echoed these words in a remark to EmbOffs on Aug 26 concerning possibility of improvement in human rights situation. "To be sure, there must be rectifications", he said, "but it would be folly to push Videla so hard that we push his govt to failure."

Chaplin

53. Telegram 227379 From the Department of State to the Embassy in Argentina¹

Washington, September 15, 1976, 0005Z.

227379. For the Ambassador. Subject: Harkin Amendment.

1. The Harkin Amendment to the IDB authorization bill instructs the US Executive Director to vote against loans or grant assistance to any country which “engages in a consistent pattern of gross violation of internationally recognized human rights—unless such assistance will directly benefit the needy people—”. The legislative history of the amendment indicates congressional intent that the exception clause be interpreted broadly.

2. However, the exception cannot be applied to a loan to Argentina for industrial credits which goes before the IDB Board on September 16. The Department has therefore found it necessary to examine the question of whether “a consistent pattern of gross violations” exists in the case of Argentina. We have concluded that available evidence does not at this time justify a firm conclusion that the Argentine Government is engaged in such a pattern and have asked on that basis that Treasury instruct the Executive Director to vote for the loan. The Department particularly recognizes the chaotic and possibly transitory nature of the current Argentine situation.

3. But we are also aware that elements of the GOA are involved in right-wing terrorist activities and that those in central authority have taken little apparent action to restrain them. It is clear that the Harkin determination in this case is a very close thing. The GOA’s failure

¹ Summary: The Department directed Ambassador Hill to inform Argentine officials that if they did not curb human rights abuses, the Harkin Amendment would require the U.S. Government to vote against future IDB loans to Argentina.

Source: National Archives, RG 59, Central Foreign Policy File, D760347–0156. Confidential; Immediate; Exdis. Drafted by Shlaudeman; cleared by Wilson and Gamble; approved by Robinson. The Harkin Amendment was attached to H.R. 9721, a bill that increased U.S. participation in the Inter-American Development Bank; it required the U.S. Government to vote against IDB loans to countries engaged “in a consistent pattern of gross violations of internationally recognized human rights.” President Ford signed it into law on May 31, 1976. (P.L. 94–302) On August 31, Kissinger approved a recommendation for an affirmative vote on the IDB loan and for a notification to the Argentine Government that the Harkin Amendment might have to be applied in the future. (Memorandum from Greenwald and Shlaudeman to Kissinger, August 25; *ibid.*, P760142–2290) Hill responded to his instructions, “I was somewhat disappointed to note from reftel [227379] that apparently my presentation [in Washington] resulted only in a reaffirmation of an affirmative vote on the IDB loan. I still think this is a mistake and could result in misinterpretations here concerning the seriousness with which the USG views this [human rights] problem.” (Telegram 6017 from Buenos Aires, September 15; *ibid.*, D760348–0842)

to take measures to bring the security forces under control would necessarily lead to the conclusion that we are looking at a "consistent pattern" rather than a transitory situation.

4. You should seek an appointment at the highest available level of the GOA to make the following points:

—The USG fully realizes that the GOA is engaged in a most serious effort to suppress violent subversion and regain national stability. We are seeking to cooperate with the program of economic restoration so critical to that effort.

—That cooperation could be restricted by the Harkin Amendment. (You should explain the precise wording and workings of the amendment.) The administration opposes the injection of this issue into the international lending agencies, but the Congress in this case differed and the amendment imposes a legal obligation on us.

—We are therefore obliged to vote against loans or grants by the IDB where a consistent pattern of gross violations of human rights exists. The judgement on that point in the case of Argentina has proved difficult to make.

—We are well aware of the critical public order problems confronting the GOA and have taken note of President Videla's statements that he intends to ensure respect for fundamental human rights. On the other hand, right-wing counter-terrorism and outbreaks of anti-Semitism have raised the question of whether a consistent pattern within the terms of our law might not in fact exist in Argentina.

—We have decided that the evidence does not at this moment justify a firm conclusion that such a pattern does exist. The US Executive Director will therefore vote affirmatively on the current loan application for \$8 million in export credits.

—But it is apparent that this finding cannot be sustained for long, under the law we must carry out in the absence of action by the GOA directed at bringing counterterrorism, torture, arbitrary detention and anti-Semitism under control. Such action will be necessary if we are to avoid voting against future loans to Argentina in which a determination under the Harkin Amendment is required.

—Our intention is to deal with Argentina in a cooperative and helpful spirit during this difficult period. It is in that spirit that we are offering this explanation.

5. We will make the same points to Ambassador Musich here. We are also briefing appropriate members of the Congress.

Robinson

54. Telegram 6276 From the Embassy in Argentina to the Department of State¹

Buenos Aires, September 24, 1976, 1535Z.

6276. Subject: Ambassador Discusses US-Argentine Relations With President Videla. Ref: (A) Buenos Aires 6177, (B) State 227379, (C) State 231122.

1. As reported in Ref A, President Videla received me at 11:15 a.m. yesterday, Sept 21 and I was with him about an hour and a half. I opened conversation by going directly into human rights issue. I told him of great concern I had found in US. There was, I said, great sympathy for his government, which had taken over under difficult circumstances and which all understood to be involved in struggle to the death with left-wing subversion. However, such things as the murder of the priests and the mass murders at Pilar were seriously damaging Argentina's image in the US. US was seriously concerned with human rights issue not just in Argentina but around the world, and we now have legislation under which no country determined to be consistently guilty of gross violations of human rights can be eligible for any form of US assistance, be it economic or military. I explained to him what would happen if Harkin Amendment were invoked against Argentina (see Ref B). I told him, however, that for the moment this had been avoided. US would vote for Argentine loan in IDB (I explained that question of interest rates for some portions of loan had still to be resolved but that this not related to Harkin Amendment). I told President frankly, however, that I saw this vote as probably last time US

¹ Summary: Hill reported on a conversation with Videla, who maintained that lower-level officials in the U.S. Government did not understand the difficulties faced by Argentina. Hill responded that the U.S. Government wanted Argentina to quell terrorism as quickly as possible without damaging its image or relations with other governments.

Source: National Archives, RG 59, Central Foreign Policy File, D760361–0450. Secret; Immediate; Exdis. In telegram 6177 from Buenos Aires, September 21, Hill reported on other portions of his September 21 conversation with Videla. (Ibid., D760356–1130) Telegram 227379 to Buenos Aires is Document 53. In telegram 231122 to all diplomatic and consular posts, September 17, the Department provided guidance on the human rights provisions of the International Security Assistance and Arms Export Control Act of 1976. (National Archives, RG 59, Central Foreign Policy File, D760353–0445) In telegram 6130 from Buenos Aires, September 20, Hill reported on his September 17 discussion of the human rights situation with Guzzetti, who said that the Argentine Government was “somewhat surprised” by strong U.S. interest in the issue, since the impression that he had gained from his June 10 conversation with Kissinger was that “USG’s overriding concern was not human rights but rather that GOA ‘get it over quickly’.” Hill replied that the U.S. Government’s hope that the terrorist problem would be resolved quickly “in no way implied an insouciant attitude regarding human rights.” (Ibid., D760355–0430) For the June 10 meeting, see Document 48.

would be able to avoid invoking amendment against Argentina unless rpt unless GOA moved quickly to demonstrate it is taking measures to get human rights situation in hand. I pointed out that so far as I knew, not one single person has been brought to justice or even disciplined for excesses of which elements of security forces have been guilty. I also pointed out to him human rights provisions of new security assistance legislation (see reftel C) and indicated Uruguay had already lost three million dollars in military aid because of it. I promised to send texts of pertinent provisions of new security assistance legislation and Harkin amendment to Foreign Ministry.

2. President thanked me for frank exposition of problem and expressed appreciation for US affirmative vote in IDB. He said he had been outraged by the murders at Pilar which, indeed, had been an affront to his govt.

3. I asked, then, if any sanctions were going to be taken against those responsible, thus showing that his govt did not condone such acts. Videla avoided reply. I suggested that, in the final analysis, best way to proceed against terrorists was within law. And why, I asked, did not GOA use existing court system to bring members of former govt to trial, instead of leaving them in prison without charges.

4. Videla did not answer either question; rather, he launched into long exposition of difficult situation his govt had inherited. Economy had been on the rocks and terrorism rampant. Further, he said, Argentina was now at war with international communism, which, through penetration of the schools and even the church, had been on verge of takeover. Although he had earlier deplored to me mass murder at Pilar, certain of his subsequent statements suggested that he views killings of some leftists as good object lesson.

5. He said govt was taking action to control problem of anti-Semitism in Argentina. He said he thought problem had been exaggerated, but that GOA wants none of that sort of thing and has issued decree banning Nazi-sympathizing publications which were principally responsible for stimulating anti-Semitism.

6. President said he had been gratified when FonMin Guzzetti reported to him that Secretary of State Kissinger understood their problem and had said he hoped they could get terrorism under control as quickly as possible. Videla said he had impression senior officers of USG understood situation his govt faces but junior bureaucrats do not. I assured him this was not the case. We all hope Argentina can get terrorism under control quickly—but do so in such a way as to do minimum damage to its image and to its relations with other governments. If security forces continue to kill people to tune of brass band, I concluded, this will not be possible. I told him Secretary of State had told me when I was in US that he wanted to avoid human rights problem in Argentina.

7. Videla replied that his govt, too, wished to avoid such a problem. Nothing, he said, must be allowed to upset good relations with US.

8. I asked what his govt's attitude would be if Congressman Koch wished to visit Argentina? Videla assured me his govt would pose no objections to such a visit. Let the Congressman come and see for himself, he concluded.

9. Videla expressed marked concern over fire at new chancery site (see septels) and asked me for all the details.

10. President told me General Miro, Argentine MilAtt in Washington, who President said was classmate and close friend of his, had called him from US to express concern over impact Musich resignation might have. Miro had asked if Musich departure meant that economic mission around Musich would also go and there would be change of policy. President said he had assured Miro that this not the case. Economic team in Washington will stay and there will be no change of policy.

11. Other items raised in discussion were reported in reftel A Sept 21.

12. Comment: I came away from meeting with Videla somewhat discouraged. He says he wants to avoid problems with US but he gave no indication that he intends to move against those elements in security forces who are responsible for outrages—and thus begin to get situation in hand. Indeed, he may not be in any position to so move. I came away with very strong impression that Videla is not in charge, that he is not the boss and knows he is not. He is probably not going to move against hardliners. He is a decent, well-intentioned man, but his whole style is one of diffidence and extreme caution. In the present situation, more assertiveness than he can provide may be needed to get human rights situation under control.

Hill

55. Memorandum of Conversation¹

Washington, October 6, 1976, 1 p.m.

SUBJECT

U.S.-Argentine Relations

PARTICIPANTS

Argentina

His Excellency Rear Admiral Cesar Augusto Guzzetti, Minister of Foreign Affairs and Worship of the Argentine Republic

His Excellency Arnaldo Tomas Musich, Ambassador of the Argentine Republic

Colonel Repetto Pelaez, Undersecretary General, Ministry of Foreign Affairs

His Excellency Federico Bartfeld, Chief, Latin American Division of Foreign Ministry

United States

The Acting Secretary of State

The Honorable Harry W. Shlaudeman, Assistant Secretary for Inter-American Affairs

Mr. Robert W. Zimmermann, Director, Office of East Coast Affairs, ARA/ECA

The Honorable Edwin M. Martin, Chairman, Consultative Group on Food Production and Investment in Developing Countries, IBRD

After an initial exchange of amenities, and mutual expressions of gratification in connection with the rededication of the statue of San Martin that morning, Foreign Minister Guzzetti conveyed his appreciation for this opportunity to exchange views on certain items of mutual interest.

Guzzetti began the substantive conversation by noting that the military government is now six months old and that its antecedents and current situation are well known. Nevertheless, he said, he wished to express his personal views, especially regarding subversion. In this regard he noted that the government had achieved some success and there are hopes that within three to four months the government will have dealt with the subversive groups. However, he said, Argentina has other problems as well: educational, social and economic; the most important of which is the need to push economic reform. Argentine economic problems are being effectively attacked by Minister Martinez de Hoz and there already is clear evidence of substantial recuperation.

¹ Summary: Acting Secretary Robinson and Assistant Secretary Shlaudeman discussed terrorism, the Argentine economic situation, and refugee issues with Foreign Minister Guzzetti.

Source: National Archives, RG 59, Central Foreign Policy File, P830033-1258. Confidential. Drafted by Zimmermann on October 8; cleared by Robinson and in draft by Shlaudeman. The meeting was held in the James Madison Room at the Department of State.

One of the most important issues facing the government, Guzzetti continued, is the capacity of international terrorist groups to support the Argentine terrorists through propaganda and funds. The armed forces, when they took over in March, found the country destroyed economically and psychologically. It was a country in crisis. But in six months the government is on the road to recovery. The outside world speaks of the Argentine government as rightist and fascist. This is far from reality. Argentina had to face the situation realistically and is trying to find a means to interpret the situation to the outside world. The present regime wishes to establish a democracy; this is the nation's most important task.

Another problem is that of the refugees, Guzzetti continued. Although people often think of the refugees in the same context as the terrorists, these are different problems. In total there are some 10,000 refugees, of which 90 to 95% came to Argentina from Chile some two or three years ago. They live in Argentina without documentation or clear means of support. Argentina is taking seriously the problem of trying to relocate these people and provide them with legal documentation—or allow them to leave if they so desire. But other countries must cooperate and receive some of these people. The problem is both social and humanitarian and Argentina welcomes the help of the United Nations refugee organization. The issue has no real connection with Argentina's subversive problems although, naturally, a few of the refugees perhaps are connected with terrorist groups, just as certain Argentines are so connected. Guzzetti said that in May [June] in Santiago he explained the refugee problem to Secretary Kissinger and believed the latter understood the Argentine difficulties in this area. A solution cannot be found overnight. It depends on assistance from other countries including the U.S., France, and Denmark, for example. Argentina must reeducate the refugees and control them but does not want to return them to Chile. The point is that the refugee problem has become mixed up with the issue of subversion in the eyes of foreigners and has created a highly unfavorable impression of Argentina abroad.

Acting Secretary Robinson recapitulated the three themes touched upon by Guzzetti: terrorism, progress in the economic area and the problem of the refugees. He said that he was pleased that Guzzetti would be seeing the Secretary the following day in New York and that the Foreign Minister would find him sensitive to Argentina's problems. The U.S. is very aware of the progress Argentina has made in restoring its economy in the last six months. He said that he has great respect for the capacity of the Minister of Economics, Martinez de Hoz, to cope with such problems as inflation, severe deficits, foreign debt, and productivity.

Obviously, he continued, Argentina is now facing a kind of subversive civil war. During this initial period the situation may seem to call

for measures that are not acceptable in the long term. The real question, he emphasized, is knowing how long to continue these tough measures and noted that the Foreign Minister had indicated that they might be required for another three or four months.

Guzzetti responded that the outside world must recognize that the terrorist groups have a complex underground structure abetted from abroad. Their destruction will require yet another two or three months. The relaxation of government measures will be gradual and the return to political normalcy will not be immediate. This will require time, and the restoration of the economy will also take time. Argentina is just finishing the first phase of its program but is aware that there exists a certain impatience in the outside world. The disintegration of Argentina morally, physically and psychologically is very difficult for foreigners to comprehend and the situation cannot be resolved overnight.

The Acting Secretary said that it is possible to understand the requirement to be tough at first but it is important to move toward a more moderate posture which we would hope would be permanent. It is helpful, he remarked, to hear the Minister's explanation of the situation. The problem is that the United States is an idealistic and moral country and its citizens have great difficulty in comprehending the kinds of problems faced by Argentina today. There is a tendency to apply our moral standards abroad and Argentina must understand the reaction of Congress with regard to loans and military assistance. The American people, right or wrong, have the perception that today there exists in Argentina a pattern of gross violations of human rights. Under current legislation the administration might be prevented under certain circumstances from voting for loans in the IDB, for example. The government is placed in a difficult position. In reality there are two elements that must be considered. First, how long is it necessary to maintain a very firm, tough position? Our Congress returns in January and if there is a clear-cut reduction in the intensity of the measures being taken by the Government of Argentina, then there would in fact be a changing situation where the charge that a consistent pattern of gross violations exists could be seen as invalid. Second, it is very important that Argentina find a means to explain the Argentine position to the world. There is also a third element and that is that there are many well meaning people in the United States, though perhaps somewhat naive, who indiscriminately take the side of those imprisoned in Argentina. Their attitudes are reinforced by instances where the US Government has been unable, in the case of arrested US citizens, to have consular access. The U.S. is not going to defend these persons if they break your laws but we must have prompt consular access. In summary there are three issues: the question of timing of the relaxation of extreme countersubversion measures; promoting an understanding of the problems facing Argentina; and consular access.

Assistant Secretary Shlaudeman said that he wished to make clear that there is no question of advocating any specific political structure for the Government of Argentina; it is a question of human rights. Our Congress is focused on that issue.

Guzzetti asked, in relation to human rights, why it is that only one side of that issue receives attention. Nothing is said, for example, when a military official is killed. It is a question of subversive groups who are underground and controlled from abroad. Their existence has important ramifications and requires special actions. It is a situation that has existed for five years. It began, he said, by terrorism—by their actions.

In response to a question from Ambassador Martin, the Foreign Minister said that there are two principal terrorist groups in Argentina today, the ERP, which is Leninist-Marxist, or Maoist, and the other, the Montoneros, is moving very close to the former in ideology. Terrorist organizations in Latin America are linked underground and have their central control in Paris.

Ambassador Martin noted that he is no longer a USG official but he has talked with many people interested in Argentina and he is convinced that one thing must be achieved if anti-Argentine opinion in the U.S. is to be weakened. People must be provided with convincing evidence that the only terrorism is leftist terrorism. The Foreign Minister said he understood the problem. He remarked that the international connections of the terrorists must be publicized. For example, he said, representatives of terrorists have appeared on Italian TV.

Acting Secretary Robinson remarked that in 1850, when the State of California was struggling to become established, the official forces of law and order were inadequate. Consequently, the people organized vigilante groups but the U.S. has forgotten this bit of history and forgets that comparable conditions exist elsewhere today. Accurate information is important in explaining Argentina's problems and what Argentina is trying to do to establish stability and a just society. Individuals cannot have liberty in an atmosphere of terror.

Ambassador Musich remarked that it should be worth explaining to the American people the difference between the situation in Argentina today and a civil war. Civil war is a kind of conventional war but terrorism is different.

The Acting Secretary noted the importance of pressing home the fact that terrorism in Argentina is aimed at the overthrow of the government. He referred to the movie of some years ago called "State of Siege" which gave the impression that the terrorist side is fighting for the rights of the people. The U.S., he emphasized, somehow must view its moral principles in the light of conditions in other parts of the world where situations are completely different.

The Foreign Minister complained that the terrorists seem to find it easy to reach American public opinion but the Argentine Government cannot, or at least it is very difficult. He agreed however that it is important to make a real effort. Ambassador Musich interjected that when Videla narrowly escaped assassination there was no reaction of sympathy whatsoever.

The Acting Secretary noted that our job is to determine what we can do about this situation. He said we would be remiss if we did not underline again the very serious problem we face with our Congress unless Argentina can properly explain its position and move to a situation in which it is able to soften its countersubversion measures. This will be necessary in order to avoid the concept of a consistent pattern of gross violations, and the changed situation must be perceived by the American public.

Ambassador Martin remarked that if members of religious groups violate the law it is essential that they not simply "disappear." It should be sufficient to arrest them and bring them to trial. In the United States people simply do not believe that religious men can act in a fashion that warrants summary treatment.

Ambassador Musich then remarked that a negative vote in the Inter-American Development Bank could have a bad effect in Argentina. Assistant Secretary Shlaudeman responded that we also have a problem in that the two loans for \$90 million coming together will further concentrate critical attention here. We will not, he said, vote no, but it would be to our mutual advantage if a vote on one of the two pending Argentine loans could be postponed. There is no difficulty with the \$60 million loan but we do have a problem with the \$30 million loan. We would like to separate the two votes, postponing consideration of the second loan. The situation would then be reexamined at a later date and if there were progress we would not have a problem.

Acting Secretary Robinson said that it would be helpful if the Foreign Minister were to repeat his views to the Secretary in New York. The United States, he said, is anxious to cooperate with Argentina within the limits imposed by our Congress; the United States wishes Argentina success in its endeavors. Foreign Minister Guzzetti responded that there were other themes such as the water conference and LOS which they might touch upon at another time, and asked for understanding for the Government of Argentina while it resolves its terrorist problems.

The luncheon closed with mutual expression of appreciation for the opportunity to exchange views.

56. Memorandum of Conversation¹

New York, October 7, 1976, 5:15 p.m.

SUBJECT

Secretary's Meeting with Argentine Foreign Minister Guzzetti

PARTICIPANTS

ARGENTINA

Foreign Minister Cesar Augusto Guzzetti

Ambassador to the United States Arnolfo T. Musich

Ambassador to the UN Carlos Ortiz de Rosas

US

The Secretary

Under Secretary Philip Habib

Assistant Secretary Harry W. Shlaudeman

Fernando Rondon (notetaker)

Anthony Hervas (Interpreter)

Foreign Minister Guzzetti: You look tired.

The Secretary: Do I look tired? That's unusual. I'm recovering from the debate.

Ambassador Ortiz de Rosas: The victor of that debate is Israel.

The Secretary: Ninety percent of our population is Jewish. Did you find the debate worthwhile?

Ambassador Ortiz de Rosas: Absolutely. Some points were very well taken.

The Secretary: By whom?

Ambassador Ortiz de Rosas: Both. The debate was addressed to the American voter. In the analysis and counteranalysis of foreign policy, I think the President fared very well.

The Secretary: We'll have to see.

Ambassador Ortiz de Rosas: Carter will have problems.

The Secretary: How?

¹ Summary: Secretary Kissinger reassured Foreign Minister Guzzetti that he wished the Argentine Government to succeed and expressed understanding for the fact that Argentina was engaged in a civil war. The Secretary added that the increasingly serious human rights problem was complicating bilateral relations, and he encouraged the regime to restore as many civil liberties as possible.

Source: National Archives, RG 59, Central Foreign Policy File, P820118–1700. Secret; Nodis. Drafted by Fernando Rondon in ARA/ECA on October 8. Approved in S on October 26. The meeting was held in the Secretary's suite at the Waldorf Astoria Hotel. In telegram 251484 to Buenos Aires, October 9, the Department reported to the Embassy on the conversation between Kissinger and Guzzetti. (Ibid., D760381–0046)

Ambassador Ortiz de Rosas: In open diplomacy.

The Secretary: Yes, many things Carter said were outrageous. We are not giving Saudi Arabia \$7.5 billion in arms. Last year it was \$400 million. All the rest was road building material, engineering equipment, barracks construction material. Iran's figures are also wrong.

Ambassador Ortiz de Rosas: There was a well-taken point by the President on Iran.

The Secretary: He did not mention Argentina. You are lucky (laughter). He'll get you in the next debate. There is one consolation. There are only three more weeks to go.

Foreign Minister Guzzetti: That is not too much. Mr. Secretary, I'm going to speak in Spanish. You will recall our meeting in Santiago. I want to talk about events in Argentina during the last four months. Our struggle has had very good results in the last four months. The terrorist organizations have been dismantled. If this direction continues, by the end of the year the danger will have been set aside. There will always be isolated attempts, of course.

The Secretary: When will they be overcome? Next Spring?

Foreign Minister Guzzetti: No, by the end of this year.

With respect to economic steps and the results we have achieved, with your support we have been able to achieve results. The recovery is continuing. We will begin to go upwards. The facts are clear enough.

That is not all. Last time we spoke of the refugees. The Chilean refugee problem continues to be the problem. We are seeking to provide permanent documentation in the country for refugees or send them out in agreement with other countries. With the cooperation of other countries, we can reduce the pressure.

The Secretary: You want terrorism in the United States?

Foreign Minister Guzzetti: No, the refugee problem is not a terrorist problem. Many left their countries due to changes of government. Many want to live in peace elsewhere. A small minority may be terrorist.

The Secretary: As I told you in Santiago, we'll be prepared to cooperate on the refugee problem.

Can we give them parole?

Mr. Shlaudeman: We hope that the Attorney General will approve a program this week for 400 heads of family or 1600 people.

The Secretary: How many refugees are there?

Mr. Shlaudeman: Yesterday, the Minister said there were maybe 10,000.

Foreign Minister Guzzetti: Ninety percent are Chilean.

Mr. Shlaudeman: And there are some Bolivians and Uruguayans.

The Secretary: Are other nations helping?

Mr. Shlaudeman: Some are taking some. Even the Cubans are reluctant to take more Chileans.

The Secretary: Why is it in our interest to send Chileans to Cuba? I'm not so subtle. Can't they go to France?

Mr. Shlaudeman: Sweden is taking a few.

Foreign Minister Guzzetti: Small groups have gone.

There is another problem which we did not consider in Santiago. It is the problem of a supposed anti-Semitic campaign. I spoke frankly to Allon and to a Jewish organization here. The government is doing all it can to avoid the appearances of an anti-Semitic campaign. A distorted image is being created by leftist groups. The Argentine government is taking the necessary control steps to avoid a problem. These steps are serious. We do not want the human rights problem to get mixed up with problems that are alien to it, such as the Jewish problem. Our country has a large Jewish community integrated into the country. Despite anti-Semitic episodes in the country, there has never been persecution.

The Secretary: Is there any foundation to charges of anti-Semitism?

Mr. Shlaudeman: We have been assured by Jewish leaders in Argentina that they are not threatened.

The Secretary: Look, our basic attitude is that we would like you to succeed. I have an old-fashioned view that friends ought to be supported. What is not understood in the United States is that you have a civil war. We read about human rights problems but not the context. The quicker you succeed the better.

The human rights problem is a growing one. Your Ambassador can apprise you. We want a stable situation. We won't cause you unnecessary difficulties. If you can finish before Congress gets back, the better. Whatever freedoms you could restore would help.

On economics, we have Harkin. We will do our utmost not to apply it to Argentina unless the situation gets out of control. There are two loans in the bank. We have no intention of voting against them. We hope you will keep our problems in mind. Eventually we will be forced into it.

Foreign Minister Guzzetti: Yesterday, we discussed the problem with Under Secretary Robinson and Mr. Shlaudeman. Argentina is ready to postpone a loan to avoid inconveniences.

The Secretary: You were in Washington?

Foreign Minister Guzzetti: Yes.

There are other credits in Export-Import Bank.

The Secretary: No. The Harkin Amendment does not apply to the Export-Import Bank. Proceed with your Export-Import Bank requests.

We would like your economic program to succeed and we will do our best to help you. The special problem is only in the IDB.

Foreign Minister Guzzetti: With help received, we can look forward to the effective recuperation of the Argentine economy.

The Secretary: We would welcome it and support it. As I told you, we want a strong and stable and effective situation in Argentina. On the Jewish situation, you know the sensitivities as well as I do. I have no reason to suppose your government is doing anything.

Foreign Minister Guzzetti: Absolutely not.

Another problem, we will be requesting *placet* for a new Ambassador.

The Secretary: You have resigned?

Ambassador Musich: Yes sir.

The Secretary: You just got here.

Foreign Minister Guzzetti: President Ford is in an electoral campaign.

The Secretary: You are concerned about agrément?

Foreign Minister Guzzetti: We will request agrément today or tomorrow.

The Secretary: Agrément we can give quickly but credentials . . .

Foreign Minister Guzzetti: We understand.

The Secretary: When will he be arriving?

Foreign Minister Guzzetti: In thirty days.

The Secretary: By that time, whatever has happened will have happened, and the President will have more time. Are you sending a man as good as his predecessor?

Foreign Minister Guzzetti: Yes.

The Secretary: He will be treated like a friend.

Foreign Minister Guzzetti: I have raised my main points. I could touch on Law of the Seas and your long letters.

[Omitted here is discussion of Law of the Sea issues.]

57. Telegram 6871 From the Embassy in Argentina to the Department of State¹

Buenos Aires, October 19, 1976, 1815Z.

6871. Subject: Foreign Minister Guzzetti Euphoric Over Visit to United States.

1. FonMin Guzzetti returned to Buenos Aires Oct 14 after having spent some two weeks at the UN and in Washington. When I met him at the airport, he appeared tired but anxious to talk to me after he had reported to President Videla. Subsequently, he asked me to call on him at 6:30 p.m. the next day (Oct 15). I did so and after a wait of only a few moments, he bounded into the room and greeted me effusively with an abrazo, which is not typical of him. He took me to his private office where for 35 minutes he enthusiastically told me of the success of his visit.

2. He spoke first of his lunch in Washington with Deputy Secretary Robinson, Asst Sec Shlaudeman and Ambassador Martin. He emphasized how well they understood the Argentine problem, and said that “the consensus of the meeting was to get the terrorist problem over as soon as possible.” He said he agreed fully with Amb Martin’s warning to “be careful with the Catholic church and with anti-Semitism”, and that he had reported this to President Videla.

3. Guzzetti was almost ecstatic in describing his visit with Vice President Rockefeller. One could clearly sense the Prussian-type, simple submarine commander rather overwhelmed by his meeting with the powerful and famous Rockefeller. He complimented the Vice President on his Spanish and his knowledge of Argentina. He said that the Vice President urged him to advise President Videla to “finish the terrorist problem quickly. . . . The US wanted a strong Argentina and wanted to cooperate with the GOA.”

4. He considered his talk with Secretary of State Kissinger a success. The Secretary, he said, had reiterated the advice given to him at the Santiago meeting, had urged Argentina “to be careful” and had said that if the terrorist problem was over by December or January, he

¹ Summary: Hill noted that Guzzetti seemed to have returned from the United States without having been impressed with the gravity with which the U.S. Government viewed the human rights situation in Argentina.

Source: National Archives, RG 59, Central Foreign Policy File, D760392–0544. Secret; Priority; Exdis. In an October 20 memorandum sent through Habib and Robinson, Shlaudeman informed Kissinger that Hill had “registered for the record a bitter complaint about our purported failure to impress on Foreign Minister Guzzetti how seriously we view the rightist violence in Argentina,” and he proposed to respond to Hill for the record. (Ibid., P840077–1553)

(the Secretary) believed serious problems could be avoided in the US. Guzzetti said the Secretary had assured him that the US "wants to help Argentina."

5. Guzzetti said that his talks at the UN with Amb Scranton and Sec Gen Waldheim were protocolary. He had thought that in his two conversations with Waldheim the latter would raise the issue of human rights, but, in the event, he had not done so. Guzzetti said he had been embarrassed at the UN by the failure of the GOA to inform him fully and promptly concerning the Campo de Mayo bombing attempt against President Videla. This, he said, had made it very difficult for him to answer questions on the subject.

6. Guzzetti said his reception at the State Department, by the Secretary at the UN, and the ceremonies dedicating the San Martin monument had gone far beyond his expectations. He expressed appreciation that high officials in our government "understand the Argentine problem and stand with us during this difficult period." He said he was "satisfied that the State Dept clearly understands the problem and that there would be no confrontation between the two governments over human rights." He purposely had not brought up the letters from Congressman Harkin and a second letter from the 56 Congressmen, he said, because he "had found them (the State Dept officials) so sympathetic that he had seen no reason to do so."

7. The GOA had wanted, he said, to name Roberto Guyer as Amb to replace Musich, but Sec Gen Waldheim at the UN had said that he could not spare Guyer until the end of the year. Guzzetti reported that he had been told agrément would be forthcoming promptly from the USG for Ambassador-nominee Aja Espil. He understood that there was not a chance Aja Espil could present credentials until after the US elections. Hence, he said, Ambassador Musich would be asked to stay in Washington until late October or early November.

8. In apparent recognition that at least for the next few months circumstances will be difficult, Guzzetti noted that he hoped future loans from the IDB might be postponed "until stability returns to Argentina" (read, to avoid the US voting no). Clearly, he hopes by January the human rights situation will be over, and that the loan applications would then go forward, assured of a favorable US vote.

9. Comment: Guzzetti's remarks both to me and to the Argentine press since his return are not those of a man who has been impressed with the gravity of the human rights problem as seen from the US. Both personally and in press accounts of his trip, Guzzetti's reaction indicates little reason for concern over the human rights issue. Guzzetti went to US fully expecting to hear some strong, firm, direct warnings on his gov't's human rights practices. Rather than that, he has returned in a state of jubilation, convinced that there is no real problem with

the USG over this issue. Based on what Guzzetti is doubtless reporting to the GOA, it must now believe that if it has any problems with the US over human rights, they are confined to certain elements of Congress and what it regards as biased and/or uninformed minor segments of public opinion. While this conviction exists, it will be unrealistic and ineffective for this Embassy to press representations to the GOA over human rights violations.

Hill

58. Telegram 262786 From the Department of State to the Embassy in Argentina¹

Washington, October 22, 1976, 2345Z.

262786. For Amb. only from Asst. Sec. Shlaudeman. Subject: Guzzetti's Visit to the U.S. Ref: Buenos Aires 6871.

1. As in other circumstances you have undoubtedly encountered in your diplomatic career, Guzzetti heard only what he wanted to hear. He was told in detail how strongly opinion in this country has reacted against reports of abuses by the security forces in Argentina and the nature of the threat this poses to Argentine interests. An example of the filter he employed (or perhaps a reflection of his poor grasp of English) is the quotation ascribed to Ambassador Martin on "being careful" about the Catholic church. What Ed said was that if priests

¹ Summary: Shlaudeman assured Hill that he and other U.S. officials had shared human rights concerns with Guzzetti during meetings in Washington, and he stated that the Argentine Foreign Minister must have heard only what he wanted to hear on this issue.

Source: National Archives, RG 59, Central Foreign Policy File, [no film number]. Secret; Immediate; Nodis. Drafted by Shlaudeman and approved by Kissinger and Robinson. Telegram 6871 is Document 57. In an October 20 draft of this telegram, the concluding paragraph reads: "With respect to your closing admonition about the futility of representations, we doubt that the GOA has all that many illusions. It was obvious here that even Guzzetti knew his country had a problem. In any event, you and we have laid it out as best we could. In the circumstances, I agree that the Argentines will have to make their own decisions and that further exhortations or generalized lectures from us would not be useful at this point." (Department of State, FOIA Electronic Reading Room, Argentina Declassification Project) In telegram 7062 from Buenos Aires, October 27, Hill told Shlaudeman that it was "reassuring to have chapter and verse on what Guzzetti was told." Hill added that "we continue to believe many in GOA maintain their illusions GOA has no serious human rights problems" and suggested that a protest by the Department would reinforce the message delivered to Guzzetti. (National Archives, RG 59, Central Foreign Policy File, P850108–2013, N760007–0818)

were guilty of crimes, they should be arrested and tried—but if they simply disappeared or were shot that could never be accepted in this country.

2. As for the “consensus of the meeting,” on our side it was that Guzzetti’s assurances that a tranquil and violence-free Argentina is coming soon must prove a reality if we are to avoid serious problems between us. Guzzetti’s interpretation is strictly his own. With respect to “understanding” Argentina’s problems, we did indeed take cognizance of the violent assault on Argentine society from the other side and expressed the hope that we could continue to be helpful in the task of restoring Argentina’s economy.

3. On the Harkin problem, the Secretary warned Guzzetti that we would be forced to vote against Argentine loans absent an improvement in conditions. We have told the Argentines that we would not vote negatively at the moment in light of our understanding of the current situation in the country, but might be forced to abstain. (If our impression that counter-terrorism has declined recently is ill-founded, please correct it.) The GOA has postponed a \$30 million industrial-credits loan, but not as Guzzetti indicated for several months. The loan should come up again within a few weeks.

4. Finally, with respect to Guzzetti’s “jubilation” and its effect, we doubt that the GOA has such illusions. It was obvious in our contacts that Guzzetti knew his country has a problem—one that requires a speedy solution. And we will continue to impress on Argentine representatives here, as we expect you to do there, that the USG regards most seriously Argentina’s international commitments to protect and promote fundamental human rights. There should be no mistake on that score. I recommend that you read and bring to the attention of the GOA the Secretary’s speech of October 19 before the Synagogue Council of America as a basic statement of our policy of practical efforts to enhance respect for human rights—in Argentina or elsewhere.

Kissinger

Bolivia

59. Telegram 599 From the Embassy in Bolivia to the Department of State¹

La Paz, February 2, 1973, 1400Z.

599. Subj: Some Perspective on the Political Prisoner Issue.

1. As recent reporting has shown, the Government of Bolivia has come under increasing domestic political pressure and criticism for its handling of political prisoners. In addition, the Mary Harding case (often inaccurately reported) and a recent statement on violence by a group of clergymen has brought this issue to such public attention internationally that Bolivia under the Banzer government may be increasingly viewed as a police state. An impartial perspective on this issue is therefore desirable at this time.

2. The accusation that Bolivia is a police state is far more a political slogan than a matter of fact. The GOB has in fact "declared war" on extremism, making no bones about it, and has in fact overreacted in its fear of the left and in its zeal to protect itself. Nevertheless, Bolivia today is not a country dominated by fear and oppression as sensational reporting and exaggerated rhetoric tend to portray. Freedom of expression (as exemplified by the current court maneuverings and by ample press coverage thereof, as well as of the political prisoners issue in general) is greater now than under the two previous regimes. Furthermore the level of violence, organized or unorganized, is far less and freedom from intimidation is far more. An impartial appraisal suggests that a small but vocal minority, which was unfortunately silent in the face of past abuses (nightly bombings, unexplained murders, intimidations through the media and by "demonstrators", etc.) has chosen, because of political differences with the Banzer regime, and in some cases sincere but distorted ideas as to how social justice may be advanced, to exaggerate the abuses of the present.

3. With regard to political prisoners, the Banzer government is clearly in a dilemma and merits some sympathy as well as criticism. While there is no doubt that the Minister of Interior has been overzealous in making political arrests and often too slow in the processing of

¹ Summary: Ambassador Siracusa argued that Bolivia was not a "police state" but had overreacted to the threat from the extreme left.

Source: National Archives, RG 59, Central Files 1970-73, POL 29 BOL. Confidential. Repeated to Buenos Aires, Brasília, Asunción, Lima, Santiago, Rio de Janeiro, and USCINCSO for POLAD.

them as well as inept in his defense of his actions, neither is there any doubt that the hard core of political prisoners (which are the ones they seek to identify and hold) are dedicated to the overthrow of the government. They would presumably continue subversive activities if they were released within Bolivia and many would no doubt engage in terrorism. It is sad to note that violence, being deplored today by some in an indirect attack on the present government, is nonetheless implicitly accepted by many of these same people who have adopted the slogan "Justice Before Peace".

3. The Department will recall that the GOB has in the past tried to solve its problem by exiling the political prisoners to other LA countries, but this effort largely failed as these countries have refused to accept more than just a token number. On the other hand, Bolivia does not have the resources, tradition nor capability to conduct orderly and fair trials, by international norms, of these prisoners. The legal system is wholly inadequate to the task. More than likely, such trials would become circuses and would bring even greater domestic and international discredit to Bolivia, as well as exacerbate political tensions within Bolivia. It is probable therefore that the GOB will continue arrests on the bases of evidence or denunciations, and will try to resolve the issue of guilt or innocence through indefinite jailing and interrogation rather than trial. As the Department is aware, a large number of people have passed through this process in the last year and a half. Best estimates today are that about 300 people remain jailed as political prisoners and past performance suggests that many of these will be freed as the result of the GOB's procedures.

4. While what is going on in Bolivia today with regard to political prisoners does violence to our standards, it is nevertheless within the Bolivian tradition and is sanctioned by supreme decrees which are also within Bolivian traditions as the law of the land. It has been in part at least to change this tradition in favor of greater due process that some have recently raised their voices against violence. But progress, if any, in this regard must be tempered by the fact that Bolivia is an underdeveloped country in all respects and its political and legal institutions border on the primitive. Politics are played for keeps. The winners take the spoils and the losers pay the price of losing. The Banzer revolution was viewed by those who participated in it and who now carry it out as a fight to the death against extremism. Many on both sides lost their lives and many of those now in power suffered much and also recognize the consequences should they now lose out. President Banzer and other Bolivian leaders are, like their predecessors, typically Catholic Bolivian family men, who are seeking by their rights and in conformity with Bolivian standards and practice to govern this land and to solve its problems, including the political prisoner issue. With time they will

find solutions as it obviously is not in their interest to see the problem continue with the degree of heat it has been generating.

Siracusa

60. Memorandum From Secretary of State Rogers to President Nixon¹

Washington, March 27, 1973.

SUBJECT

State Visit of President of Bolivia

The Department was informed on February 22 that you had disapproved a State Visit by Bolivian President Banzer. The memorandum further indicated that you plan to receive no Latin American Chief of State during 1973. I believe it is important to our relations with Latin America that you receive at least one leader from that area for a State Visit during the year. For the reasons outlined below, I believe that leader should be President Banzer.

The Banzer Government, which took office in August 1971 as Bolivia was descending into chaos, has reasserted responsible government with a broadly-based centrist regime in opposition to the extreme left. Banzer has attempted with some success to introduce an element of stability in Bolivia and has recently enacted a politically difficult devaluation/economic stabilization program, to which the United States has contributed heavily.

Dependent on mineral exports for over 80% of its foreign exchange earnings (tin itself accounts for 50%), Bolivian officials and public have reacted with shock and dismay to indications that the GSA plans to accelerate the disposal from our strategic stockpiles of tin

¹ Summary: Rogers recommended Nixon invite Banzer to Washington for a State visit.

Source: National Archives, RG 59, Central Files 1970–73, POL 7 BOL. Confidential. A typewritten note attached to the memorandum reads, “Approved—see memo of 4/26 from Mrs. Davis. jlh.” The February 22 memorandum to the Department has not been found. In telegram 2063 from La Paz, April 11, Siracusa reported that he had informed Banzer that Nixon had approved the visit “in principle.” (Ibid.) In telegram 2708 from La Paz, May 7, Siracusa, on behalf of the President, extended an invitation to visit the United States. (Ibid., Nixon Presidential Materials, NSC Files, Box 770, Country Files, Latin America, Bolivia, Vol. 2, 1971–1974)

and seven other metals produced by Bolivia. The economic loss to Bolivia can be significant, but the psychological blow can cause even more damage.

Well before stockpile disposals became an issue, President Banzer took the initiative to seek an invitation from you for a visit to Washington. Our decision to move into a program of accelerated stockpile disposals and its inevitably unsettling effects in Bolivia, provides a new, and in my view powerful, justification for an invitation to President Banzer as a gesture of support to this cooperative government.

For the reasons stated above, I recommend that you approve a State Visit by President Banzer later in the year and authorize me to extend the invitation through the Bolivian Foreign Minister who will be in Washington for the April 4–14 OAS General Assembly.

William P. Rogers

61. Letter From Bolivian President Banzer to President Nixon¹

La Paz, April 13, 1973.

Mr. President and Distinguished Friend:

Deeply disturbed by the announcement made by your Secretary of the Treasury concerning the possibility of the sale of United States reserves of strategic materials, I consider it my duty to send you this message expressing the concern which that announcement has aroused in the people of Bolivia, who regard it as presaging the approach of a time of serious economic depression with all of the accompanying backwash of sacrifices and hardships.

I am writing to Your Excellency because I am sure that the Government of the United States cannot be indifferent to the very serious

¹ Summary: Banzer informed Nixon that he was disturbed by the announcement of the sale of U.S. reserves of strategic minerals, which, by depressing tin prices, would harm the Bolivian economy. Banzer noted that no amount of U.S. assistance could compensate for the lower tin prices.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 749, Presidential Correspondence, President Banzer, Bolivia, 1971–1974. No classification marking. The text is a translation prepared by Language Services; Banzer's original letter in Spanish is *ibid.* On April 6, Banzer expressed similar concerns to U.S. officials in La Paz. (Telegram 1961 from La Paz; *ibid.*, RG 59, Central Foreign Policy File, [no film number]) Nixon's reply to Banzer's letter is referenced in the source note to Document 63.

damage that such a measure would inflict upon my country, bearing in mind that Bolivia spared no effort and did not haggle over prices at the time when Bolivian minerals represented such effective cooperation in the defense of democracy. At that time of trial, far from seeking to benefit from a privileged situation, we acted as loyal supporters of the cause, setting aside material advantages for the sake of continental solidarity.

I need not tell you, Mr. President, that we do not regret having acted so, but we do ask for consistent treatment. Your Excellency well knows that my country is struggling doggedly to resolve the innumerable great problems that affect its development and seriously endanger its social peace, maintained with such difficulty in recent times. The dumping of any quantity of your country's reserves of tin, which will relieve the problems of its powerful industry very little, if at all, will have, on the other hand, a terrible impact on Bolivia's economy and will be a cause of distress and discouragement for its people.

The announcement that the sales would be regulated, in order not to create unfavorable consequences for the countries concerned, does not alleviate our worry, Mr. President, because we are sure, even so, that the countries whose economies depend in large measure on the price of ores will find that their just aspirations for progress will be seriously affected.

I have thought it opportune to address you, distinguished friend and President of the country that leads all others in acting on behalf of peoples who are struggling to attain better standards of living, because the alternative that faces Bolivia is truly critical. All financial or technical assistance, however well intended, will always be ineffective and deficient if the poor countries are not enabled to learn to be self-supporting with their own resources and if those resources do not obtain in foreign markets the fair prices they should have, free from paternalistic attitudes or regulations in which the interests of the more powerful countries prevail.

These are the thoughts that have impelled me to send you this message. They express the distress of a country which knows what poverty is and which therefore fears to see that poverty made more acute by measures such as those announced by the Secretary of the Treasury of the United States. As the leader of my country, aware of my duties and responsibilities, I can do no less than appeal to the understanding of you, my colleague and friend, who are standard-bearer of a great cause and who therefore will surely not be indifferent to the concern that possesses us.

Trusting that Your Excellency will dispel any doubt about the intentions motivating your Government on the sale of strategic

reserves and will restore confidence to my country, I am happy to renew to you the assurances of my highest and most distinguished consideration.

Cordially yours,

General H. Banzer

62. Country Analysis and Strategy Paper¹

La Paz, undated.

AMBASSADOR'S OVERVIEW

In last year's CASP we were primarily concerned with the need for President Banzer to broaden the base of his government and fortify the resolve of the coalition parties, the MNR, FSB and the private sector, to make the coalition work so the extremists could not return to power and destroy once again the country's hopes for stability and economic and social progress. I stressed that our major objective for FY 73 was to help the GOB keep the leftist opposition at bay long enough to permit the Government to restore economic stability and growth potential. That objective has been achieved to the point that although the leftists are still present and have not dropped their hopes of overthrowing the Government, they do not presently constitute a threat to the Banzer regime.

The governing coalition, although still not fully consolidated, is much more cohesive than previously and it appears that a broadening of its base by bringing in additional political parties, as suggested in last year's CASP, is not now as important as is continuing the process of strengthening its present base among the labor, student and *campesino* sectors. I am optimistic that the coalition, under the increasingly able leadership of President Banzer, will continue in power within this CASP timeframe, and possibly well beyond it. I make that statement with the full realization that the lifespan of the average Bolivian govern-

¹ Summary: Ambassador Siracusa provided an overview of U.S. interests in Bolivia, which included supporting the Bolivian military, providing economic assistance, and interdicting narcotics.

Source: National Archives, RG 59, Central Files 1970-73, POL 1 BOL-US. Secret. Sent as an enclosure to airgram A-75 from La Paz, April 16. The final version of the CASP has not been found.

ment is nine months, and the present government has already doubled its actuarial life expectancy. I am fully cognizant also of Bolivia's turbulent history and the tendency for situations and governments here to change overnight. This could occur once again, but even if it does I am relatively confident that such a change would come about from an internal coalition convulsion rather than from action by the leftists, and a successor government would probably be similar in philosophy and policy to the present one.

A strong military is key to continued political stability, and this CASP addresses itself to the need to maintain and support that important pillar of any Bolivian government, which still believes strongly in the potential threat of those exiles who continue plotting in neighboring countries. We carefully reviewed the level of MAP funding and concluded that although Bolivia's share of regional MAP grant resources is high, it is not excessive, and that any reductions would adversely affect both our efforts here and our region-wide security interests.

While I believe Bolivian fears of externally-aided subversions are exaggerated they are, nevertheless, real to the government. With the victory of the Peronistas in Argentina, whom the GOB views as populist and anti-military, the GOB's fears will probably become even more pronounced as it now finds a heretofore friendly neighbor replaced by one more philosophically attuned to Chile and Peru, and which may well become another safe-haven for disgruntled Bolivian plotters. Also, the expected Argentine assistance, particularly military, may be less likely to be forthcoming. This event may well turn Bolivia more toward the Brazilian sphere of influence, thereby tending to exacerbate Argentine-Bolivian relations. This relationship, as it evolves, will have implications for our own longer-term hemispheric and bilateral policies, and is deserving of our close and continued attention.

Bolivia is of marginal importance to the U.S. on commercial grounds, and it is unlikely that that level of importance will increase substantially during this CASP timeframe despite our expanding efforts to promote the acquisition of U.S. products. Nevertheless, the GOB is laying the necessary groundwork for a strengthening of its economy and for the attraction of private foreign investment. During the past year it successfully and amicably settled the last two outstanding nationalization cases involving U.S. private interests, and it has since signed an oil exploration contract with Union Oil of California, and others reportedly to come, portending I believe, a notable increase in foreign private investment during the coming years. The GOB also took the long-overdue, momentous decision to devalue its currency, which hopefully will enable it to strengthen its finances and put it in a position where it can obtain approval for new projects by international lending agencies, and attract new foreign development funds. Dramat-

ically improved commercial opportunities for the U.S., however, are not likely to appear during this CASP timeframe. In examining policy considerations surrounding new private U.S. investment we concluded that OPIC guarantees similar to those granted in the past could create difficulties involving other U.S. interests of higher priority, and we recommend that in future investments OPIC be extremely cautious in offering guarantees in the extractive industries, and abstain from offering 100% guarantees in any instance. After a thorough review of Bolivia's development level and needs we concluded that we can best achieve our interests here by continuing economic assistance during FY 1974 and FY 1975 at a level approximately equal to that of 1973, and continuing to assist Bolivia to attract development funds from international agencies, third countries and private foreign investment.

An area of U.S. concern which has received and will continue to receive our closest attention is our interest in interdicting the export of narcotics and dangerous drugs to the U.S. On repeated occasions I and members of my staff have emphasized President Nixon's and our Congress' deep concern over this issue to Bolivian officials from President Banzer down, and have explained to them the potential action, including suspension of all U.S. assistance, which we must take if adequate steps are not taken locally to prevent that traffic. Within the limits of its economic capabilities the GOB has responded fully to our efforts, although the longstanding requirement that it ratify the Single Narcotics Convention is unlikely to be met for some years yet because of the potentially unsettling domestic social and political effects an arbitrary decision of the GOB to end coca production would have. Realizing this, visiting INCB Board members have told us they do not believe ratification is feasible.

To assist the GOB in improving the capability and professionalism of its police forces both for general police activities and more specifically for narcotics enforcement, we have recommended that the USAID Public Safety Program be continued and that the BNDD office be expanded to two full-time officers. We reviewed carefully the question of political prisoners and concluded that conditions have improved noticeably during the past year, and further improvement is likely. We believe that partly as a result of our discreet but persistent persuasion and partly as a result of the GOB's own desire to reduce this problem to the lowest level consistent with internal security, the GOB will further reduce its repressive measures to the point that most basic liberties will be granted to all but the hard-core subversives by the end of FY 1975. As to the latter, the GOB considers that a "state of war" exists with them.

Our policy recommendations are directed toward preserving and advancing U.S. policy interests primarily through a strengthening of

the Bolivian political and economic system. Bolivia needs a period of peace and stability with justice if it is to escape from its underdeveloped state and advance into the Twentieth Century. As a member of this hemisphere in which we have a vital interest, and as the second poorest country in Latin America Bolivia will continue to be of interest to us and to require assistance of us. I believe the policy considerations recommended in this CASP will advance those interests, while at the same time avoiding an over-identification with the U.S., thereby permitting the GOB and Bolivia to avoid the stigma of Bolivia's appearing to be a U.S. client state.

All our optimism for political and economic development and the stabilization program may come to naught, I fear, if premature and insufficiently controlled sales of tin and certain other stockpile commodities basic to the Bolivian economy are made. Such sales could seriously disrupt Bolivia's economy, with unpredictable domestic political repercussions.

[Omitted here are Section II, Analysis of Major Issues; Section III, Interest, Policy and Resource Analysis; and Annex A, Summary of Resources.]

63. Memorandum From the President's Special Assistant for National Security Affairs (Kissinger) to President Nixon¹

Washington, May 30, 1973.

SUBJECT

Bolivian President Banzer's and Prime Minister Thanom's Letters Re Tin Sales

Bolivian President Banzer and Thai Prime Minister Thanom have written you letters (Tab C and Tab D respectively) urging restraint in sales of tin from the stockpile under your recently announced excess

¹ Summary: Kissinger recommended that Nixon sign letters to Banzer and Prime Minister Thanom Kittikachorn of Thailand announcing stockpile disposal of 5,000 tons of tin during the first 6 months of FY 1974.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 749, Presidential Correspondence, President Banzer, Bolivia, 1971–1974. Confidential. A stamped note on the memorandum indicates the President saw it. Attached at Tab A is an undated draft of a letter from Nixon to Banzer, not published. The final version of the letter, dated June 4, is *ibid.* Tab C, Banzer's April 13 letter to Nixon, is Document 61. Tabs B, D, and E are attached but not published.

stockpile disposal program. I have prepared replies for your signature to General Banzer (Tab A) and Prime Minister Thanom (Tab B) designed to allay their concerns about potential disruption to their countries' economies.

Background

In March you made a series of decisions aimed at reducing the nearly \$6 billion worth of materials in the stockpile that are excess to our national security requirements. One of your decisions was to lift your ban on sales of excess tin and to begin release of tin from the stockpile at a rate that would stabilize the tin price at last fall's level plus an appropriate allowance for dollar devaluations. At that time it was estimated that a disposal rate of 5-10,000 tons/year would be required to accomplish your objective. The Department of State undertook during April formal consultations with major foreign producers on disposal of tin and 28 other excess stockpile materials. The tin disposal rate that State put forward during the consultations with the producers was 15,000 tons/year; purposely set high to give you flexibility.

The announcement of your removal of the tin sales ban triggered the expected responses from the major tin producers. General Banzer and Prime Minister Thanom with their two letters have appealed directly to you for relief from the economic harm to their countries that they allege will ensue from the tin sales.

Secretary Shultz, Fred Malek, and the General Services Administration have recommended that we proceed now with a disposal rate for tin of 10,000 tons/year. Secretary Rogers in his memorandum (Tab E) to you forwarding General Banzer's letter recommends 9,000 tons/year. There is no evidence available that either the 9 or 10,000 ton rate would have a serious adverse impact on the Bolivian or Thai economies.

Nevertheless, to alleviate General Banzer's and Prime Minister Thanom's concerns, the enclosed replies state that you have reduced the rate from the 15,000 tons that was discussed with them earlier and instead are directing the disposal of 5,000 tons during the first six months of FY 74 (which of course is a rate of 10,000 tons/year). In addition it promises a review in a few months of the impact of tin sales in order to reduce the rate if warranted by serious market disruptions. If prices are not affected by our sales, the disposal rate could be increased at that point.

In view of your desire to expedite sales of the stockpile materials, Secretary Shultz and I are directing GSA and the Department of State to submit by November 15 an assessment of the impact of the sales together with proposals for changes in the rates where appropriate. If

sales fail to affect prices, rates can be increased. If our foreign policy objectives are affected, you may wish to slow sales.

Recommendation

I recommend that you sign the letters to General Banzer (Tab A) and Prime Minister Thanom (Tab B) announcing a 5,000 ton rate for six months with subsequent rate review.

George Shultz and Fred Malek concur.

64. Telegram 155286 From the Department of State to the Embassy in Bolivia¹

Washington, August 7, 1973, 1610Z.

155286. Subject: Letter From the President to President Banzer on Tin Disposals.

1. Please pass following letter from the President to President Banzer:

Quote August 6, 1973

Quote Dear Mr. President

Quote As you will recall from my letter of June 4, 1973, following consultations with Bolivia and other tin producing countries I authorized the sale of 1,500 tons of tin from the United States strategic stockpile during the last month of fiscal year 1973 and the sale of an additional 5,000 tons during the first six months of fiscal year 1974. Demand for this tin has been almost unprecedented. The 1,500 tons sold without difficulty and the 5,000 tons, which we anticipated selling over a six-month period, was disposed of within the first fifteen days of July.

¹ Summary: The Department sent the Embassy the text of a letter from Nixon to Banzer concerning consultations with tin-producing nations over increased stockpile sales.

Source: National Archives, RG 59, Central Foreign Policy File, [no film number]. Confidential; Immediate. Drafted by Meyers (text received from the White House on August 6); cleared by Fisher in ARA/BC and by John Ingersoll in EB/ICD; approved by Katz. Repeated to London. Nixon's June 4 letter is *ibid.*, Nixon Presidential Materials, NSC Files, Box 749, Presidential Correspondence, President Banzer, Bolivia, 1971–1974. On September 7, the Department informed Bolivian Ambassador Valencia that the U.S. Government would begin sales on September 10. Valencia noted that the U.S. Government's action seemed to reflect its sincere desire to avoid a deleterious impact on the economies of Bolivia and other tin-producing nations. (Telegram 179280 to La Paz, September 10; *ibid.*, RG 59, Central Foreign Policy File, [no film number])

Quote Despite these prompt sales, tin market prices have continued to rise, reaching record highs on both the London and New York markets. Indeed, many observers believe prices at the current levels, if sustained, will hasten the substitution of tin-free steel and other metals for tinsplate, a development that would threaten the interests of producing countries.

Quote Because of these developments and because the United States has an interest in market stability, I have directed the Department of State to begin consultations with all tin producing countries regarding a further increase in our disposal program for the current fiscal year. You may be certain as I assured you in my earlier letter, that in directing this undertaking I wish to avoid any undue disruption of the world market, as well as any action that would harm Bolivian interests or damage relations between our two countries. I can also assure you that we will begin an immediate review of our revised disposal program, should tin prices drop precipitously from their present record levels.

Quote I continue to look forward to meeting you and Mrs. Banzer in Washington later this year.

Quote With warm personal regards, Sincerely, Richard Nixon

Quote General Hugo Banzer Suarez, President of Bolivia, La Paz, Bolivia Unquote

2. Cable Immediate when message delivered as Dept intends begin consultations with producer Embassy reps on Aug 8.

3. Original of President's letter follows by pouch.

Rogers

65. Briefing Memorandum From the Assistant Secretary of State for Inter-American Affairs (Kubisch) to Acting Secretary of State Rush¹

Washington, October 3, 1973.

Postponement of the Bolivian President's State Visit

At 5:00 p.m. Tuesday, October 2, Acting Foreign Minister Cespedes informed Ambassador Stedman in La Paz that President Banzer wished to postpone his State Visit scheduled for October 16–17. Cespedes said the reason for this decision was that the GOB will shortly announce stringent new economic measures which could provoke popular unrest. The Bolivian authorities state the armed forces may be required to maintain order, in which case President Banzer believes it necessary to remain in Bolivia (La Paz 6010).

We have no specific information regarding the actions the GOB is preparing to take. We know that a special governmental commission has recommended that a number of politically sensitive measures be enacted to correct the deteriorating fiscal and monetary situation.

Banzer's decision to deal with this problem at this time and at the expense of the State Visit, to which he has attached great importance, clearly indicates the seriousness of the domestic situation. The GOB's failure to obtain large-scale commercial financing for its budgetary deficit, together with the realization that we are unwilling to respond favorably to requests for budget support in the form of program assistance, probably precipitated the decision. At the same time, the apparent urgency of the situation indicates that we can expect renewed requests for program assistance to cover Bolivia's budgetary shortfall.

¹ Summary: Kubisch informed Acting Secretary Rush that Banzer's decision to postpone his State visit indicated the seriousness of the economic and political instability in Bolivia. Kubisch reported that the unwillingness of the U.S. Government to offer assistance for budget support likely contributed to Banzer's decision.

Source: National Archives, RG 59, Central Files 1970–73, POL 7 BOL. Confidential. Drafted by Binns on October 3. Karkashian and Shlaudeman concurred. Attached is telegram 6010 from La Paz, October 2, not published. On October 9, Pickering forwarded to Scowcroft a copy of Banzer's October 3 letter to Nixon apologizing for the postponement and a suggested reply. (Ibid., Central Foreign Policy File, P750018–0349) In telegram 6283 from La Paz, October 16, Stedman informed the Department that he thought Banzer postponed so that he could hold negotiations with international and Bolivian officials regarding austerity measures. (Ibid., P750018–0343) Banzer's trip was not rescheduled.

66. Telegram 900 From the Embassy in Bolivia to the Department of State¹

La Paz, February 11, 1974, 1359Z.

900. Department pass DOD. Subj: Allocation of FY 74 MAP. Ref: State 023517.

1. Reftel gives the FY 74 allocation of MAP for Bolivia at \$2.730 million (matériel \$2.300, training \$.400). Since this represents a substantial cut in anticipated level and will dismay GOB and cause problems for us with GOB military at a crucial time in Bolivian political situation, I would appreciate urgent reconsideration and upward adjustment in the Bolivia program for FY 74 to a level not less than the Continuing Resolution authority which has become common knowledge. I offer the following reasons in support of my request:

A. The FY 74 allocation of \$2.73 million is a reduction from the Continuing Resolution level of \$3.5 million consisting of \$2.9 million MAP-M and \$.6 million MAP-T. To go below \$3.5 million will mean heavy cuts of much needed equipment and training to operate equipment already delivered under the FY 72 and FY 73 programs for all services.

B. Bolivian authorities have been pressing us hard in recent weeks for expeditious delivery of equipment in ongoing programs. They appear to be wondering whether we are holding back for some unstated reasons. Were I to inform the Bolivian Government at this time that the MAP grant program is now down to \$2.73 million when they have knowledge that CR level is \$3.5 million, their concerns would be increased and our rapport cum credibility reduced.

C. A reduction in the Military Aid Program will be viewed as companion piece to "bad news" on PL-480. We have had to tell the GOB that there will be no further PL-480 Title One program for FY 74 and that the chances are slim that there will be any for FY 75. The impact on President Banzer, personally, will be quite negative.

¹ Summary: Because military assistance gave him an important source of leverage in his management of bilateral relations, Ambassador Stedman urged that the Department refrain from cutting aid to the Bolivian armed forces.

Source: National Archives, RG 59, Central Foreign Policy File, [no film number]. Confidential. Repeated to USCINCSO. In telegram 23517 to all American Republic diplomatic posts, February 5, the Department listed the levels of military assistance allocated for Latin American countries in FY 1974. (Ibid., [no film number]) The Department, citing "world-wide reductions and high priority requirements in Cambodia and the Middle East," denied Stedman's request to maintain the level of military assistance at \$3.5 million. (Telegram 39843 to La Paz, February 28; *ibid.*, P750001-0806)

D. Recently the Bolivian military authorities came to us with an urgent appeal for ammunition, and while we did approve the sale, we initially conditioned it on their coming to Panama to pick it up and our making a collection of payment in advance of its delivery. While this was ultimately worked out to our and the Bolivians satisfaction, nevertheless our conditions were not well received.

E. I would observe that this 2.73 figure is drastically below the MAP figures in our approved CASP (4.7 million), in the congressional presentation document (4.450 million) and in the congressional presentation document as published (5.2 million). I have no basis on which to explain to the GOB why these higher figures are inoperative or what has caused this cut in the Bolivian MAP. While we may be misinformed, we have heard informally that the Congress has authorized funds sufficient to cover the approved Bolivian program.

F. Bolivia is passing through a critical and fluid political/military period. President Banzer, although an Army General, is now quite dependent on the Bolivian Armed Forces for his survival. Recent decisions on the economic front have brought the popularity of the Banzer regime to its lowest point since the October '72 devaluation, with a consequent increase in divisive tendencies within the military. In a setting such as this, we can further our interests at little cost; or we can lose effective rapport by making the downward cut in our FY 74 MAP. The military program has been one of my principal influence and leverage mechanisms with the GOB. I have been able through the military program to apply pressure or to enlist support where political and economic means were not appropriate. To reduce the effectiveness of the tool will harm my ability to operate effectively.

2. In view of foregoing, I strongly recommend that ways be found to hold the FY 74 MAP program at the FY 73 level. Meantime, I shall not inform GOB nor will I have MILGP do so either.

Brewin

67. Telegram 2581 From the Embassy in Bolivia to the Department of State¹

La Paz, April 24, 1974, 1705Z.

2581. Subj: Conversation with Bolivian President Banzer: Economic and Military Assistance and the State Visit.

1. President Banzer made the following points during courtesy call on April 23 by Country Director Karkashian and Ambassador:

A. The GOB and he, personally, are deeply grateful to the USG for continuing U.S. economic assistance, with special regard for those loans made for emergency activities shortly after he assumed power. The government would very much like to have the U.S. consider an additional PADES loan since it has proven to be an effective development tool and a positive factor for stability in the country.

B. The government is seriously considering our recent offer of \$4 million FMS credit and will communicate its response promptly. The GOB may wish to use the line of credit for transport aircraft, heavy construction machinery, and other hardware which might have a productive purpose.

C. The government is pleased to learn that a team composed of IDB, IBRD, and AID technicians will soon arrive in Bolivia to assess flood damage. Based on that assessment, the President said, he hoped that projects might be developed to prevent future flooding and to relocate and house refugees.

D. The President was pleased to learn that USG technicians will arrive soon to study the possibilities of substitution of alternative crops for coca. He suggested examination of possible courses of action such as purchase of coca leaf production and its destruction, or incentive payments directly to farmers to produce other commodities.

E. President expressed his continued interest in prompt delivery of military equipment for the TIPOs in accordance with understandings reached with US. The Ambassador described the current delivery forecasts and reported on the arrival of significant military items in recent

¹ Summary: President Banzer, Country Director Karkashian, and Ambassador Stedman discussed economic and military assistance to Bolivia.

Source: National Archives, RG 59, Central Foreign Policy File, D740096-0755. Confidential; Priority. Repeated to USCINCSO. Nixon's letter to Banzer has not been found. The Departments of State and Defense allocated the \$4 million FMS credit on April 12, and Banzer accepted the terms on April 24. (Telegram 2604 from La Paz, April 24; *ibid.*, D740096-1013) According to telegram 3098 from La Paz, May 14, Banzer expressed pleasure to Stedman on May 13 that the U.S. Government had begun shipping the MAP equipment. Banzer also informed Stedman of Bolivia's desire for continued economic development assistance. (*Ibid.*, D740118-0978)

weeks and within the coming month. President seemed pleased but repeated his firm desire that the TIPOs be brought up to strength as quickly as possible to raise the morale of the troops and to create a dissuasive force to inhibit the outbreak of internal disorder.

2. Country Director Karkashian explained the operations of an FMS credit, noted the increasing difficulties of acquiring MAP grant aid and pointed out the desirability of Bolivia's utilization of FMS credit. Karkashian expressed the appreciation of Washington authorities for Bolivia's continued effective cooperation in combatting drug trafficking. While stating the U.S. policy of continued support and assistance for the Bolivian Government, he carefully avoided specific commitments for loans for crop substitution, new PADES operations, and for reconstruction.

3. In the discussion of FMS credit, President Banzer said that it was his hope that COFADENA would become an effective instrument for economic and social development. He said it should concentrate its activities rather than continuing as at present to aggressively enter a wide range of activities. He expressed his hope that external credits might facilitate COFADENA acquisition of productive equipment and that its future profits could then be turned to benefit the lot of the common soldier with better housing and medical care. In this way he hopes to reduce the demands on the treasury for military expenditures and burdening the nation with credits for non-productive military equipment.

4. President Banzer told Karkashian that he regretted having to postpone the State visit to the U.S. scheduled for last fall, but domestic political factors arising from economic measures precluded his departing the country. The President said he hoped that he be able to make the trip sometime in the future at President Nixon's and his mutual convenience. Karkashian responded that this was also the desire of the USG as set forth in President Nixon's letter to President Banzer.

Stedman

68. Telegram 4041 From the Embassy in Bolivia to the Department of State¹

La Paz, June 21, 1974, 1247Z.

4041. Subj: President Banzer Comments to Ambassador on Soviet Offers of Military Equipment.

1. During call I made June 20 on President Banzer for another purpose, I indicated that I had heard that Bolivian military officers were exploring possible equipment purchases from European countries and that one officer had received offers of communications equipment and tanks from the Soviet Union. I indicated that I did not know very much about this matter but had heard that the Bolivian Army was interested in tanks since they had been in touch with us recently. President Banzer picked up my remarks and said that Col. Rivera had made a trip for other purposes to Europe and had made a visit to the Soviet Union where he had received offers of some military equipment. President noted that Soviet Ambassador to Bolivia had been active in recent months trying to press military equipment on Bolivia and also had been active in offering Soviet financial and technical cooperation for the construction of the Bala dam. President also informed me that he was planning to name a new Ambassador to the Soviet Union and probably would send Dr. Richardo Anaya of Cochabamba. In the latter connection, he said the subject had come up as to whether or not Bolivia should accept exchange of persons programs, increased cultural presentations, and how to deal with military equipment offers. President Banzer said that there had been no formal offer made to the GOB and that the government had not made any decision to accept Soviet equipment. President said, on his own volition, that the great difficulty with Soviet equipment, even if it is a gift, is that it generally comes accompanied by technicians with other interests. He said his own expe-

¹ Summary: Stedman and Banzer discussed the possibility of Bolivian purchases of arms from the Soviet Union. Banzer indicated that prompt deliveries of munitions from the United States would preclude Bolivia from purchasing Soviet weapons.

Source: National Archives, RG 59, Central Foreign Policy File, D740163-0507. Confidential; Exdis. "Carros de asalto" are armored assault vehicles. In telegram 4082 from La Paz, June 24, Stedman reported: "I concluded during our talk [on June 20] that without specific P&A [price and availability] data on a tank substitute such as an assault car, the pressure on US for equipment would increase if I applied more pressure on him not to accept matériel from the USSR." (Ibid., D740165-0716) In telegram 142916 to La Paz, July 2, the Department informed Stedman it would send the P&A data as soon as possible. (Ibid., D740176-0364) In telegram 4746 from La Paz, July 23, Stedman again asked for the P&A data and for a \$2.5-\$4.0 million FMS credit for Bolivia for FY 1975 to purchase the vehicles. (Ibid., D740199-0668) In telegram 174463 to La Paz, August 9, the Department notified Stedman that it could not offer any direct FMS credits to Bolivia pending enactment of the 1975 Foreign Assistance Act. (Ibid., D740219-0870)

rience with the Soviets here in Bolivia was that he had to kick out several members of the Soviet Mission for intelligence activities. But, said President Banzer, the problem is that the morale of the Bolivian Army is dependent upon younger officers having relatively new equipment to work with. GOB has no intention of using military equipment, but there is a need to boost morale in the troops. He said the best way to counter the Soviet pressure for Bolivia to accept their military equipment is for the prompt delivery by friendly countries of items appropriate for the Bolivian military.

2. President Banzer said that he knew quite a bit about the tank situation as that was his basic military specialty, having been trained in this in the U.S. He said he knew the M–48 but considered it too heavy for Bolivia. He volunteered that he knew that the M–41 was no longer available. In sum, he said that he was well aware that the U.S. no longer produces a medium size tank appropriate for Bolivia. Accordingly he said that it would be an appropriate alternative if we were to provide for Bolivian purchase of “carros de asalto.” He said that he had personally purchased some equipment from Cadillac-Gage and felt that late models of assault cars would satisfy the morale needs of the Bolivian Army. I asked him directly whether he felt that US sale of assault vehicles of this sort would eliminate any interest in tanks offered by other countries. His reply, while somewhat elliptical, was based on the financial aspect of other countries’ offers. He noted it would be most difficult for Bolivia to pass up what might amount to a gift. He said that he would have difficulties with younger members of the Armed Forces were he to refuse to accept equipment from other suppliers at little or no cost, although he himself did not wish to have other countries’ technicians physically present in this country. The way he left the subject was that prompt deliveries of programmed and suitable military equipment from others would reduce Soviet pressures to give equipment and any junior military officers desires to have such equipment.

Stedman

69. Telegram 5772 From the Embassy in Bolivia to the Department of State¹

La Paz, September 5, 1974, 2015Z.

5772. Subj: Bolivian President Banzer Requests USG Guarantee of Bolivian Neutrality in Event Peruvian/Chilean Conflict.

1. Summary: President Banzer took opportunity courtesy call by USCINCSO General Rosson and me to request USG consider guaranteeing Bolivian neutrality in event Peruvian/Chilean conflict. Also stated that Bolivia needs a minimum military capability to defend its territory in event Bolivia involved in Peru/Chilean armed operations. President said this concern is one he has long held and would have raised with President Nixon if he had made trip to U.S. in Oct 1973 and would surely raise with President Ford were he to have opportunity to make trip to U.S. during his term in office.

2. On Sept 5 General Rosson, USCINCSO, and I made early morning courtesy call on President Banzer. After usual exchange of pleasantries, General Rosson noted improvement in Bolivian Armed Forces over that he observed last year. General Rosson stressed marked progress in maintenance capability of several units. Rosson also noted strengthened balance of payment situation. President acknowledged degree of improvement but said that rate of advancement not as fast as he and the Armed Forces wished. He also noted that political stability was key factor required to enable the country to exploit its riches and to benefit from present high level of foreign exchange earnings from minerals exports. President then said he had a deep-seated concern which he had held for a long time and wished to tell us about because it is a matter of grave importance to Bolivia. He said he has been and is troubled about the near-term prospect of armed conflict between Peru and Chile and the probable involvement of Bolivia.

3. President Banzer said that he had had the opportunity during his 26 years of military service to meet and know Peruvians and Chileans,

¹ Summary: Stedman conveyed Banzer's request for a U.S. guarantee of Bolivian neutrality in the event of a war between Chile and Peru.

Source: Ford Library, National Security Adviser, Presidential Country Files for Latin America, Box 2, Bolivia, State Department Telegrams to SecState, Nodis. Secret; Immediate; Exdis. Repeated Immediate to Santiago, Brasília, and Lima. In telegrams 210975 to La Paz and 236927 to Santiago, September 25 and November 20, the Department refused to guarantee Bolivian neutrality but promised consultations if events warranted them. (National Archives, RG 59, Central Foreign Policy File, D740269-0217 and D740306-0982) Telegram 7408 from La Paz, November 13, transmitted Banzer's expression of appreciation for the offer of consultation. (Ibid., D740327-0422)

military and civilians, from low-ranking to high authorities. He said he had attended conferences, been on missions, and served in other countries such as the U.S. as military attaché, and had gotten to know Peruvian and Chilean thinking about one another. Recently he had had private conversations with President Velasco of Peru and President Pinochet of Chile. Both men expressed to him feelings which Banzer himself said he had observed are strongly held by the people of both countries. In the case of Peru, there is a fervent desire to reconquer territories lost in the War of the Pacific. In the case of Chile, there is a firm conviction that it will defend territories now under its sovereign control. President Banzer said that he has concluded that in the short or in the medium term there will be armed conflict between the two countries. He is convinced that even though Bolivian policy is neutrality, his country will be involved against its will. He noted, for example, that a Peruvian military officer now holding a high position in the GOP, when a member of the Inter-American Defense Board some years ago, had revealed to him, when he was military attaché in Washington, Peruvian war plans which involved use of Bolivian air space. Banzer said that the Peruvian plans include the use of airports built but not now used (he said that he himself knows none of such airport) to launch air strikes from Peru into Bolivia to pass south behind the Bolivian Cordillera and then into Chilean territory. President Banzer noted further that the problem is not merely a three-cornered problem involving Bolivia, Chile, and Peru, but will involve many other Latin American countries. Brazil will surely back Chile. Paraguay will sympathize with Brazil and Chile because of its ideological compatibility. The Argentine position is not now clear because of the muddled situation there.

4. President Banzer said that the Peruvian/Chilean problem is now severely aggravated by the totally opposite ideologies of the two countries. He also noted that the Armed Forces of both countries having talked about reconquest and defense for so many years now have a passionately held doctrine. He said that he has evidence that Peru has attempted to influence domestic political events in Bolivia to bring about a regime more compatible with the present one in Lima. While history might suggest that Bolivia would side with Peru because they both lost in the War of the Pacific, the present ideological situation in Peru prompts Bolivia to adopt its basic policy of neutrality. President Banzer said that Peruvian President Velasco told him that Bolivia may work out an access to the sea with Chile, but it would be worthless if it included former Peruvian territory because Peru intends to reconquer that area.

5. President Banzer stressed the fundamental policy of Bolivia that it be neutral in the event of conflict between Peru and Chile, but he

emphasized that because Bolivia might inevitably be involved and has limited capability to defend its territory, it needs a guarantee, both military and moral, of a friendly and strong country. The U.S. is the obvious choice among Bolivia's friends to provide this guarantee. Also he said that Bolivia needs a minimum military capability to protect its territorial sovereignty in the event of a conflict. He said that he would be derelict in his duties if he did not ensure that Bolivia's forces are at least able to move to the frontiers to protect them against incursions from either Peru or Chile. He said this subject had been raised confidentially in the March 1974 Cochabamba consultative meeting but has been kept out of the Bolivian press. He said that the issue is one which he cannot raise publicly in Bolivia because the Bolivians will believe that he is seeking to exploit the situation to maintain himself in office. In this regard, he said that he and his government are firmly wedded to holding elections in 1975 and to turning the government over to the elected President.

6. President Banzer asked General Rosson and me to transmit to the highest levels of the U.S. Government for serious consideration his personal appeal for a guarantee of Bolivian neutrality and for the necessary minimum military defensive capability, based on his concern that Bolivia would be drawn into a Peruvian/Chilean conflict which he fears is coming soon. He noted that he was not making a "denuncia" but was presenting facts as they now exist.

7. General Rosson spoke for himself and me, thanking President Banzer for his clear and concise statement of Bolivia's concerns and said that they would be transmitted to Washington as the President had requested. The conversation then closed with expressions of traditional friendship between the U.S. and Bolivia.

8. Comment and action requested: President Banzer appeared sincerely troubled about the Peruvian/Chilean situation. Accordingly, I urge that the Department arrange for the highest possible review of President Banzer's request and, to the extent possible, obtain as positive a reply as we can make to him about maintenance of Bolivia's neutrality in the event of a Peruvian/Chilean conflict. As to the minimum military capacity, an expression of cooperation and forthcomingness related to the MAP grant matériel program and future FMS credit levels would be appropriate. A letter from President Ford on these two points should be considered as a possible vehicle for our reply. I also note that President Banzer's request strengthens our proposal that the Policy Planning Staff visits to Latin America include Bolivia. It should not be overlooked that the President broadly hinted that he would like an invitation to visit the U.S. If such a visit could be timed in the early spring of 1975, before the Bolivian elections but after Banzer has taken himself out of the race, I believe it would help Banzer guide Bolivia

through the constitutional transition with less instability—a major U.S. objective here. Separate telegram will follow elaborating our views on a possible visit of President Banzer to Washington.

9. Dept please pass DOD/OSD, DOD/JCS, USCINCSO, and DOD/ISA.

Stedman

70. Telegram 10423 From the Embassy in Peru to the Department of State¹

Lima, December 11, 1974, 0225Z.

10423. Subject: Rogers' Conversation with Bolivian President Banzer.

1. At the request of the Bolivian Ambassador to Peru, Sanjinez, I met with President Banzer the morning of December 10 at the Bolivian Embassy. Sanjinez and Ambassador Dean were also present. Banzer expressed pleasure at the wording of the Declaration of Ayacucho which he described as “one step more” toward the resolution of the problem of Bolivia’s access to the sea. (Noting that his economic advisers had told him that the Bolivian economy “had reached the takeoff point”, he stressed that Bolivia needed sea access more every day.) Bolivia had always had collaboration and understanding from the U.S. and the Bolivian people were very grateful for it. I asked him what ideally would be the next step in the process of obtaining Bolivia’s sea access. He replied that it would be a summit conference with the Presidents of Bolivia, Chile and Peru in attendance, but gave no indication that such a meeting was planned.

2. Turning to the question of the possibility of war between Peru and Chile, Banzer affirmed that he was concerned and replied that General Torrijos and President Perez also had expressed disquiet about the prospects for war. Sanjinez interjected that he and Banzer disagreed

¹ Summary: Assistant Secretary Rogers and President Banzer met in Lima and discussed Bolivia’s access to the sea, arms limitation, and U.S. assistance.

Source: National Archives, RG 59, Central Foreign Policy File, D740359–1015 and D740359–0139. Confidential; Immediate. Repeated to La Paz and Santiago. In telegram 10424 from Lima, December 11, the Embassy conveyed highlights of the Declaration of Ayacucho, which committed the eight signatories to create conditions to permit the limitation of armaments and to consider Bolivia’s land-locked situation. (Ibid., D740359–0142)

somewhat about the likelihood of war—in his opinion there was no logical reason to believe that war would take place soon. This view was based on Peru's negative internal factors and Chile's lack of aggressive military capacity. Sanjinez conceded however that wars do not have to be logical and said he was aware of the obsession on the part of many Peruvians with the desire to regain the lost territory now held by Chile. Banzer recounted what Velasco had told him several months ago, i.e., that "we are going to reconquer the lost territory in Arica." He added that he had heard a declaration from Pinochet in Brazil to the effect that Chile would fight to the last man to preserve this territory.

3. Both of the Bolivians considered that the wording contained in the Declaration of Ayacucho which called for a limitation on offensive weapons was noteworthy. We touched on the limited role of the U.S. in encouraging peace. The Bolivians thought that building up their country economically and militarily might have a neutralizing effect on the tensions. Banzer confided that he looked favorably on the future resumption of diplomatic relations between Bolivia and Chile and referred to excellent prospects for trade between the two countries. He suggested that we might want to finance a port on the Pacific coast for Bolivia. Sanjinez added that in doing so we should channel our efforts through the World Bank and the IDB.

4. I then asked Banzer and Sanjinez what the U.S. might do to encourage President Velasco's call for a limitation on offensive arms. I observed that it was particularly important this week since Congress was now considering the question of armaments for Chile. It was agreed that this was an extremely complicated problem, one which the U.S. alone could not solve. The Soviet Union and France also were involved deeply in this matter and their cooperation would be a necessity.

5. Banzer thanked me for U.S. economic assistance but he urged me to help him obtain a new loan for Bolivia. 1975, he thought, would be a difficult year for Bolivia because the price of Bolivian raw materials had lowered yet he needed additional funds to pay for contemplated and necessary pay raises for government workers. He said that GOB expenditures of \$800 million would exceed receipts by some \$300 million. Banzer stressed that necessary bilateral and multilateral assistance for 1975 could be significantly reduced for 1976 which would be a much better year for the Bolivian economy.

6. He complained about the delay in the delivery of military supplies while emphasizing that Bolivia only wanted defensive weapons which could be used to "dissuade" extremists and guerrillas. New equipment was also needed to help the morale of his soldiers. He said he was encouraged by General Rosson who had promised to try to speed up the delayed deliveries.

7. Referring to Bolivian politics, he claimed that the Bolivian military would be delighted to turn over the reins of government if there were someone to whom they could turn it over. Unfortunately, the political parties of Bolivia were disintegrated and divided. He described his program of obligatory civil service as being supported by the vast majority of Bolivian people. There were only about two thousand opponents most of whom were labor union heads and aspiring politicians. As he did yesterday, Sanjinez affirmed that Banzer was in complete control of his country and pointed to Banzer's presence in Lima as evidence that the country was safely in his control.

8. In closing, Banzer praised Ambassador Stedman with whom he said he had an excellent working relationship.

Dean

**71. Paper Prepared in the National Security Council
Interdepartmental Group for Inter-American Affairs¹**

Washington, undated.

Reassessment of NSDM 160 of April 14 [4], 1972:
Situation and Outlook in Bolivia

Problem: NSDM 160 approved a forthcoming U.S. assistance policy toward Bolivia in response to the unique circumstances existing at the time. Specifically, large inputs of military and economic assistance were endorsed on the basis of political rather than traditional development or security assistance criteria. The circumstances in Bolivia have changed markedly, calling into question the continued validity of the policy conclusions and recommendations contained in NSDM 160.

Environment at Time of NSDM 160: On August 22, 1971, the Armed Forces of Bolivia, leading elements of the private sector, and several major political parties jointly overthrew the military government of Gen. Juan José Torres. Col. Hugo Banzer Suarez was named President

¹ Summary: U.S. officials reassessed NSDM 160 and recommended that development assistance to Bolivia be allocated based on economic, as opposed to political, criteria.

Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-232, National Security Decision Memoranda, NSDM 160. Confidential. Sent by Rogers to Scowcroft under a February 5, 1975, covering memorandum. NSDM 160 is Document 111 in *Foreign Relations, 1969–1976, Volume E–10, Documents on American Republics, 1969–1972*.

and head of the civilian-military coalition which functioned as the Nationalist Popular Front (FPN).

The Torres regime had been marked by chaotic political conditions and dependence on extremist elements in the universities and labor unions. A *deteriorating political situation* was punctuated by the expropriation of major U.S. investments and, in June 1971, the ouster of the Peace Corps. During the 10 months Torres held office, foreign private and public investment came to a virtual halt.

The Banzer Government inherited an *economic crisis*; unemployment had risen to 25–30% of the work force, with its heaviest incidence among laboring groups which had been radicalized by Torres' supporters. Bolivia faced massive balance of payments and budget deficits. *Extreme political instability* made it politically impossible for the government to adopt an IMF standby agreement which would have alleviated the critical balance of payments problem. The nation's *deteriorating economic situation* nevertheless posed a serious threat to the Banzer Government's future and presaged the possible return to power of leftist elements hostile to the United States. Those groups, some of them operating from exile in Chile under the protection of the Allende Government, were actively engaged in planning and promoting the overthrow of the Banzer regime.

These, then, were the circumstances which led to the NSDM 160 response supporting rapid and large-scale U.S. assistance. NSDM 160 called for a forthcoming development assistance program without requiring the negotiation of an IMF Standby Agreement as a precondition; further, it instructed the Defense Department to be responsive to Bolivian requests for military assistance and endorsed a three to four year Military Assistance Program in order to fully equip 5 "TIPO" regiments for internal security purposes. NSDM 160, in short, recognized the extraordinary circumstances of that period and was premised on the assumption that the success of the Banzer Government—or, at least, the prevention of a return to power by the extreme left—was in the U.S. national interest.

Current Environment: Bolivia is currently experiencing a period of *relative political stability* and *improved economic prospects*. The *political stability*—President Banzer has been in power over three years—is due in large part to Banzer's proven adroitness in detecting incipient coup plotting and thwarting conspirators. This stability has been accompanied by a decrease in the likelihood of an early return to power by the extreme left, a result both of Banzer's internal policies and the increasingly hostile climate toward radical Bolivian exiles in neighboring countries. Those neighbors, especially Brazil, contribute to Bolivia's stability in another way: they appear to have a greater appreciation of the value to themselves of a stable Bolivia and consequently a greater

willingness to play a role in maintaining it. Finally, political stability has permitted reasonably coherent development planning within the Bolivian Government and has encouraged the accretion of competent technical skills in the bureaucracy.

The economic crisis described in NSDM 160, in addition, has largely receded and Bolivia faces greatly improved economic prospects. In 1974, Bolivia enjoyed a substantial balance of payments surplus, due to high world prices for its major exports (tin and other minerals, oil and gas, cotton and sugar), although a balance of payments surplus in 1975 is problematical. The internal budget in 1974 will either balance or be in only a slight deficit position which will drop in 1975 to a moderate deficit requiring around \$boliviano 300 million (US\$ 15 million) in Central Bank financing.

In short, the political and economic circumstances which prevailed during the Torres period and which led to the policy response contained in NSDM 160 no longer reflect current Bolivian realities. That is not to say, however, that Bolivia is on the verge of resolving its long-standing basic political and economic difficulties. Although the threat posed by the extreme left has receded, civilian political institutions remain fragile and the armed forces dominate the political system. There is constant plotting against Banzer and the likelihood of an eventual extraconstitutional change of government is virtually certain. Per capita income is still the second lowest in the Western Hemisphere, and perhaps as much as half of the population still do not fully participate in the national economy. Favorable world prices for Bolivia's major exports cannot be relied on indefinitely, and the cost of essential imports continues to rise. But progress—at least for the short term—is being made. Bolivia is, for example, investing much of its newly acquired wealth in developing the country's infrastructure in an attempt to maintain or increase the export base.

Conclusions: The NSC-IG/ARA concludes that while Bolivia's development needs remain great, they can now be met by more normal development techniques. Bolivia's current difficulties are those faced by many other lesser developed nations which receive U.S. assistance. U.S. development assistance policy toward Bolivia, therefore, should employ normal development criteria, taking into account Bolivia's status as one of the least developed states in the Hemisphere.

The NSC-IG/ARA further notes that many of the special circumstances which prompted the extraordinary military assistance program called for in NSDM 160 no longer exist. The military institution in Bolivia, however, has grown in political significance since NSDM 160 was issued, and a forthcoming military assistance policy will remain a key element of our policy toward Bolivia. Once the Military Assistance Program approved by NSDM 160 has been completed, however, more

normal policy and program criteria can be employed in developing military assistance programs for Bolivia.

NOTE: The Military Assistance Program undertaken in response to NSSM 160 is scheduled for completion by the end of FY 1976, by which time the last of the Bolivian Army's five mobile (TIPO) regiments will have been equipped.

72. Telegram 1086 From the Embassy in Bolivia to the Department of State¹

La Paz, February 13, 1975, 1540Z.

1086. For Asst Secy Rogers and PM Director Vest. Subject: Request for Increase in FY 75 FMS Credit for Bolivia.

1. I would appreciate your help in obtaining an increase in the FMS credit allocation for Bolivia in FY-75 from \$4 million to \$10 million. The increase would make a major contribution to strengthening our relations and to achieving significant US objectives. It will help us move away from MAP grant material in an orderly way and will build confidence in Bolivia that we treat its concerns seriously. More importantly, it will also enable the Bolivian Armed Forces to carry on with their non-military civic action mission of nation-building and economic development work in the rural areas.

2. We were fortunate in obtaining a \$4 million FMS credit for FY-74 which the GOB decided to use for its Air Force. Prudently, President Banzer determined that transport aircraft should be purchased which would serve productive purposes. Since C-130s were beyond the reach

¹ Summary: Citing Bolivia's cautious policy regarding purchases of military equipment and the importance of enhancing the efficiency and morale of the Bolivian military, Ambassador Stedman asked the Department for an increase in FMS allocations to Bolivia for FY 1975.

Source: National Archives, RG 59, Central Foreign Policy File, D750052-1087. Confidential; Priority. On February 12, Bolivia's Ambassador requested a \$12 million FMS allocation for FY 1975. (Telegram 34359 to La Paz, February 14; *ibid.*, D750054-0908) On March 10, the Department acknowledged the request but noted that the legislation appropriating FMS funds had not yet been enacted. (Telegram 53439 to La Paz, March 10; *ibid.*, D750084-0437) In telegram 1720 from La Paz, March 11, Stedman urged the Department to notify Bolivia "that chances of acquiring FMS credits in the neighborhood of \$12 million are quite small." (*Ibid.*, D750085-0419) According to telegram 60734 to La Paz, March 18, Karkashian met with the Bolivian Ambassador on March 17 to do so. (*Ibid.*, D750094-0719)

of this credit, the FAB bought Convair 580 Turbojets. I cite this as evidence of Bolivia's cautious policy on military purchases.

3. The present Bolivian regime is concerned that it is not adequately equipped to cope with serious internal security problems, that it cannot protect its borders from foreign incursion, and that better equipment is needed in both military and civic action fields to enhance the efficiency, morale and professional level of the Armed Forces.

4. Whether justified or not, there is a growing malaise on part of President Banzer and within the Bolivian Armed Forces that the US program of equipping five mobile regiments (TIPOs) has been too slow and is even now subject to further delays. This reaction has not yet manifested itself in any other way than grumbling in private and occasional digs in public. A more mature relationship will arise through FMS credits. Of course, meantime we should fulfill our objective of getting the five TIPOs into shape through grant aid.

5. Bolivia devoted less than 1.7 percent of GNP to its military in 1974. It has purchased very little new equipment for any of its services, but pressure to re-equip cannot be put off very much longer. We may be able partially to satisfy Bolivia's desire for tanks by an offer of the Cadillac-Gage assault car. We may be able to satisfy Bolivia's interest in such productive items as C-130s, well drilling equipment, hospital and medical supplies, road building equipment, house construction equipment, communications, as well as strictly military supplies.

6. Bolivian foreign policy is aligned with ours. We have no bilateral problems. President Banzer and virtually all senior military officials have expressed a strong desire and felt need for additional military assistance in form of credits but have not made nuisances of themselves. Eventually they will buy military equipment and the additional FMS will help channel those purchases toward the necessary and the most productive.

7. In sum, an increase at this time in the FY-75 FMS allocation would be a healthy, welcome and major input into Bolivia.

Stedman

73. Telegram 3254 From the Embassy in Bolivia to the Department of State¹

La Paz, May 9, 1975, 2055Z.

3254. Subj: Bolivian Concerns About Peruvian Arms Build-Up and Internal Security Problems.

1. During conversation with President Banzer on May 8 about alleged Gulf Oil Co. bribery, he said he wished to review a deep-seated concern about Peruvian arms build-up and internal security problems affecting Bolivia. Present during the conversation was the Minister of the Interior, who at the moment was also acting Foreign Minister.

2. President Banzer said that he has received continuing reports of sizeable quantities of military equipment arriving at the Port of Matarani. He said that information is reaching him from highly reputable officials of Bolivian state entities who have visited Matarani seeking to expedite delayed shipments of needed materials for their operations in Bolivia. These officials have stated that ships not carrying military equipment are being delayed and that dock facilities are being preempted for delivery of Soviet tanks, ammunition, and other military equipment. President said that the Peruvian authorities in the Matarani area are telling inquirers that much of this equipment is destined for La Paz so as to reduce any Peruvian concerns about an arms build-up in their own country.

3. President Banzer said that continuing reports of sizeable arms delivery to Peru, particularly in the southern area, is a matter of great concern to him. He is worried, he reported, about the possibility of conflict between Peru and Chile and also about possible use of military equipment across Bolivia's borders. He said he would like to turn to his other concern which involves the concentration of extremists, terrorists, and Communist forces on Bolivia. He asked the Minister of Interior to elaborate.

4. The Minister of Interior said that the recent successes of Communist forces in Indo-China have inspired groups such as the ERP and the ELN to consider that they are engaged in a winning cause. They

¹ Summary: President Banzer, Minister of the Interior Pereda, and Ambassador Stedman discussed threats to Bolivia's external and internal security.

Source: National Archives, RG 59, Central Foreign Policy File, D750164-0238. Confidential. Repeated to Lima, Santiago, and USCINCSO. The May 8 conversation between Stedman and Banzer is reported in telegram 3201 from La Paz, May 8. (Ibid.) On May 7, the Bolivian Cabinet required Gulf Oil Company to state if it had passed bribes to Bolivian officials between 1966 and 1972, and it requested a U.S. Government investigation. (Telegram 3191 from La Paz, May 8; *ibid.*, D750162-0178) The September 1974 Banzer-Rosson conversation is summarized in Document 69.

therefore are encouraged to take more aggressive action, especially against countries like Bolivia which are calm but weak. He noted that Bolivia has frontiers with five Latin American nations and is unable to adequately cover those borders to prevent infiltration. The Minister went on to note that a recent meeting in Lisbon of ELN type groups has resulted in decisions to move against Bolivia and Paraguay. He said that information received from Argentine intelligence sources is that some fifty armed guerrillas are being prepared to penetrate into Bolivia. He observed that another motivation for picking on Bolivia was the continued bitterness in the extreme left forces about the liquidation of Che Guevara here. The Minister said that the problem of Bolivia's internal security is or should be a concern for its neighbors and also for the US. He expressed the hope that it might be possible to have continuing conversations with us on these problems with the aim of developing some form of common strategy.

5. President Banzer then said that the two concerns, i.e. Peru and internal security, were constant preoccupations of his and referred me back to the conversation in his office with USCINCSO General Rosson in September 1974. He said that the Bolivian population gives little or no support to extremist elements, but with a new aggressiveness on the part of those hostile to Bolivia, it is possible that inroads in some areas might be made. He said that Bolivia needs either to increase its internal security capability through delivery of military equipment or to accelerate economic development activities. At one point he noted that possibly both courses of action need to be pursued. He noted that the regime has the full support of all elements of the Armed Forces and of the population. He said that he had recently dispatched the chiefs of staff of the three Armed Forces around the country and that their report confirmed the solidarity of adherence to the Banzer regime. He said that if it were in the interest of the US to help Chile, one way is to provide assistance to Bolivia. For example, he said Bolivia's production of foodstuffs could be expanded greatly and thus Chile could be fed from a neighboring country rather than having to import food from longer distances as it does now. He also said that in relation to the arms build-up in Peru some additional military assistance to Bolivia, which is now more closely attuned to the ideology of Chile, would help keep the relative strengths in nearer balance. While on the subject of Chile, he said that while he is hoping that some progress can be made toward a solution of the access to the sea, he can only state at the moment that Chile has shown a disposition to discuss possibilities.

6. President concluded the talk by repeating what he had said earlier in the discussion about the Gulf Oil Co. matter—that he considered the bilateral relations between Bolivia and the US as excellent. He

said he even detected that they had improved in recent months. While he did not clearly or specifically ask me for anything, it is quite clear that he is repeating his firmly held view that the US should seriously consider expanding military and economic assistance here for the benefit of Bolivia, the deterring of tension between Chile and Peru, and to avoid potential build-up of hostile elements in what he considers to be a strategic geographic area. I intend to dig further into the basis for the Minister of Interior's analysis, either directly or indirectly. It may be that we can dispel some of the pessimistic attitudes by offering differing and more profound analysis of currents in neighboring countries and within terrorist groups. The conversation with the President and the Minister of the Interior did reveal that both are seriously concerned but that some of their preoccupation may be based upon their isolation, frustration, and weakness. I have no recommendations for new or different action by the US at this time and will report further if additional information or observations are developed by me or members of the Embassy staff.

Stedman

74. Telegram 133974 From the Department of State to the Embassy in Bolivia¹

Washington, June 9, 1975, 1947Z.

133974. Subject: FY 1975 FMS Allocations. Ref: La Paz 3718.

1. Defense message 090304Z May 75 informed MILGPs/MAAGs of tentative FY 1975 FMS credit allocations. Embassy may now proceed on basis of dols 4.0 million FMS level for Bolivia and inform GOB that USG currently processing FMS credit justification for this amount. FYI. Assuming interagency approval of this credit, which we believe will

¹ Summary: The Department provided talking points for the Embassy to use in explaining FY 1975 FMS allocations for Bolivia.

Source: National Archives, RG 59, Central Foreign Policy File, D750200-1009. Confidential; Immediate. Drafted by Williams; approved by Bloomfield, Weber, Weany, and Karkashian; and cleared by Ryan. In telegram 3718 from La Paz, May 31, Stedman requested "guidance as to how to answer any queries about \$20.5 million [FMS] allocation to Peru in light [of] that country's major arms build-up, relations with Chile, and sharp public differences with USG on several fronts, which have been well publicized here." (Ibid., D750191-0451)

be forthcoming well before June 30, 1975, DOD will proceed with signature of credit agreement in Washington before that date. End FYI.

2. Department appreciates fact that dols 20.5 million credit level for Peru may give rise to some concern on part of GOB. Following are points which can be used with GOB officials. Our Military Assistance Programs in a given country include various component parts. Bolivia has traditionally had, and continues to have, a MAP grant matériel program in addition to FMS credits, while Peru receives no MAP grant for matériel. While the Bolivia MAP grant program is not large in absolute terms, it represents 50 percent of the Latin America MAP program. As the MAP grant program in Bolivia is phased out, we expect to increase the level of FMS credits in order to continue to be responsive to Bolivian Armed Forces needs. Additionally, one cannot ignore the fact that countries with larger military establishments, and the economic base to support them, would normally expect a commensurate proportion of FMS credits, i.e. Argentina, Brazil and Chile, among others. As a policy matter, however, USG discourages purchases of weapons systems which would significantly increase offensive capabilities. FYI. For this reason, we are holding Peruvian requests for 280 additional APCs and four missile systems “under review”. Thus, besides the purchase of A–37B aircraft (which were offered to Bolivia), the bulk of Peru’s FMS credits will be used to purchase non-combat vehicles, a water barge, and medical equipment. End FYI.

Kissinger

75. Telegram 170862 From the Department of State to the Embassy in Bolivia¹

Washington, July 19, 1975, 1926Z.

170862. Subject: Ambassador Capriles Call on Department.

Summary: Ambassador Capriles, accompanied by DCM Arnal and First Secretary Fernandez, called on ARA/BC Country Director Karkashian and Bolivia Desk Officer Pace July 17. During lengthy discussion, Capriles commented on prospects for Bolivia's efforts to obtain outlet to the sea and various issues of continuing concern in U.S.-Bolivian relations. End summary.

1. Ambassador Capriles requested July 17 meeting with ARA/BC to discuss a number of pending bilateral issues. Capriles also took advantage of meeting to inform DeptOfs of his concern over status of Bolivia's efforts to secure an outlet to the sea. Noting that dissatisfaction is increasing within Bolivia over the lack of positive results from the GOB's year-old campaign over the outlet-to-the-sea issue, Capriles stated that further delay is likely to stir up latent anti-Chilean sentiments among Bolivians. Capriles indicated that such a trend might eventually force the Banzer government to reevaluate diplomatic relations with the present GOC. In response, Country Director commented that Bolivia consider opening a dialogue with Peru on this theme simultaneously with present Bolivia-Chile discussions.

2. Capriles then turned to various bilateral economic issues. He and DCM Arnal expressed Bolivia's continuing interest in having antimony, tungsten and ferrovanadium included on the list of products to receive preferential treatment under the Trade Act of 1974. Country Director noted that the Bolivian request is probably too late for inclusion on the initial GSP product list but promised to look into the matter. In the context of the Trade Act, Capriles also noted his continuing desire to resolve the Applegate/Youngquist and Embosa investment disputes.

3. Capriles also discussed the continuing high interest of both the GOB and Bolivian public opinion at large in ascertaining all the facts

¹ Summary: Department and Bolivian officials discussed issues of continuing concern in U.S.-Bolivian relations, including Bolivia's efforts to obtain an outlet to the sea, the Trade Act of 1974, the Gulf Oil Company scandal, and PL 480 assistance.

Source: National Archives, RG 59, Central Foreign Policy File, D750250-0902. Confidential. Drafted by Pace; cleared by Fouts, Karkashian, and Polik; and approved by Ryan. On July 1, Foreign Minister Guzmán sent a diplomatic note to the Embassy requesting PL 480 assistance. (Telegram 4715 from La Paz, July 9; *ibid.*, D750237-0789) In telegram 182625 to La Paz, August 1, the Department informed the Embassy that Bolivia would not be allocated PL 480 assistance in FY 1976. (*Ibid.*, D750267-0999) No report by Karkashian on GSA sales and the stockpile legislation has been found.

in the “political contributions” made by Gulf Oil Company. Capriles expressed as his personal opinion the view that Bolivia should prosecute Gulf Oil in U.S. courts, seeking damages in compensation for the harm done to Bolivia abroad by the Gulf allegations. The Country Director noted the Department’s efforts to encourage Gulf Oil to make a full disclosure of the facts in the case. At the same time, he commended the GOB for its handling of the case to date.

4. With regard to the PL 480, Title I program of assistance to Bolivia, Capriles presented DeptOfs with a diplomatic note requesting the resumption of wheat deliveries to Bolivia under this program. The Country Director described the changed conditions which limit USG flexibility in the granting of PL 480, Title I aid in recent years, but promised to keep the Ambassador informed of developments. Capriles also mentioned Bolivia’s continuing interest in acquiring Ex-Im Bank financing for development projects.

5. Ambassador Capriles also requested updated information on GSA sales of tin and other strategic minerals, together with the status of a bill before Congress to renew GSA’s authorization to sell from the strategic stockpile. The Country Director promised to provide the Ambassador with a report on recent GSA sales and on the status of the legislation.

Kissinger

76. Telegram 8135 From the Embassy in Bolivia to the Department of State¹

La Paz, November 19, 1975, 1245Z.

8135. Subject: MAP Matériel Program for Bolivia. Ref: State 272585.

1. I appreciate receiving information contained in reftel describing the relationship of the decision memorandum based on the CASP and the decision made by Under Secretary Maw regarding the dates of phaseout of MAP Matériel Grant Program for Bolivia. I am struck, however, by the absence of any discussion in reftel of the amounts of money required to complete the equipping of the five mobile regiments here in either time frame. I am particularly concerned that if the Bureau moves forward with a recommendation for the FY 1977 phaseout without insuring a substantial increase in the grant levels, the US will be in the embarrassing position of being unable to fulfill its commitment. In short, it is not just a question of dates, but it is also the necessary financing to make the phaseout date realistic.

2. My concerns are heightened by the inability of the IG mechanism to have had an impact on the FY 1976 budgetary request for military assistance. The Department has gone forward with a \$2.2 million MAP grant matériel request to the Congress for FY 1976 although the IG agreed to a level of \$3.3 million. Furthermore, I note newspaper reports that the Congress is contemplating sharp cuts in the FY 1976 security assistance programs. If the shortfall in FY 76 MAP grant matériel for Bolivia is not made up in 76 or 77 and if the FY 77 financial level is not adequate in its initial submission to the Congress, we shall not be able to make good on our commitment to equip five mobile regiments by the FY 77 phaseout date.

3. Accordingly, I request that an addendum to the action memorandum submitted by the Bureau to Under Secretary Maw's office be supplied in which agreement is sought on the financial levels to make the earlier phaseout date reasonable.

Stedman

¹ Summary: Ambassador Stedman requested \$3.3 million in MAP funding for FY 1976 in order to ensure that the U.S. Government could meet its commitments to Bolivia.

Source: National Archives, RG 59, Central Foreign Policy File, D750403-0198. Confidential. The CASP was transmitted as an enclosure to airgram A-58 from La Paz, April 9. (Ibid., D750064-2116) In telegram 272585 to La Paz, November 18, the Department informed Stedman that the Bolivian MAP program would be phased out in FY 1977. (Ibid., D75041-0441) In telegram 284501 to La Paz, December 3, the Department informed Stedman that it would "make all efforts to provide IG endorsed level of dols 3.3 million," and that, "in the meantime, MILGP can continue to obligate funds under CRA up to dols 2.2 million level." (Ibid., D750419-1118)

77. Telegram 27 From the Embassy in Bolivia to the Department of State¹

La Paz, January 2, 1976, 1830Z.

27. Subject: Bolivia's Outlet to the Sea.

1. President Banzer took me aside on January 1 at the traditional New Year's day ceremony with the diplomatic corps to talk with me privately about Bolivia's efforts to obtain an outlet to the sea. He said that matters were proceeding just about as he had explained to me a couple of months ago. While several important aspects will have to be negotiated carefully with Chile, nonetheless the Chilean response is very constructive and forms the basis for diplomatic negotiations which should lead to a successful resolution of the problem. The President said that the ball is now in Peru's court. He volunteered his opinion that no country should apply overt or aggressive pressure on Peru to accept the creation of the corridor from former Peruvian territory. The President said that any overture to Peru should be low key ("muy suave").

2. President Banzer told me that the GOB has received information confirming that the Soviet Union is meddling in this matter and has counseled Peru not to accept the Bolivia-Chile accord. Banzer said that it is his opinion that the Soviets wish to block what appears to be a successful initiative by non-Communist nations in the Southern Cone.

3. During the same ceremony at the Presidency the Papal Nuncio told me that he had just had a private talk with the Foreign Minister who told him that Bolivia has information that the Soviets are pressuring Peru to refuse the creation of the corridor.

¹ Summary: President Banzer informed Ambassador Stedman of Bolivia's efforts to gain an outlet to the Pacific through negotiations with Chile. The Ambassador suggested to the Department that the matter presented the U.S. Government with an opportunity to contribute to the lowering of tensions in the region.

Source: National Archives, RG 59, Central Foreign Policy File, D760001–0674. Confidential. Repeated to Lima and Santiago. Telegrams 10662 and 10681 from Lima, both December 30, 1975, are *ibid.*, D750450–0326 and D750450–0592. Capriles's *démarche* to Rogers in which he requested "U.S. sympathy and support" for a tentative agreement with Chile on Bolivian access to the Pacific is reported in telegram 301358, December 23, 1975. (*Ibid.*, D750445–0598) On February 14, 1976, Banzer asked Stedman whether Kissinger could discuss Bolivia's outlet to the Pacific with President Morales Bermdez of Peru. (Telegram 1333 from La Paz, February 14; *ibid.*, D760057–0659) In telegram 37667 to La Paz, February 16, the Department authorized Stedman to tell Banzer that the U.S. Government was following the matter with great interest. The Department also informed the Ambassador that Chilean Foreign Minister Carvajal and OAS Secretary General Orfila had advised against any U.S. initiative on the issue in talks with the Peruvian Government. (*Ibid.*, D760058–0459)

4. Although I have no idea whether there is any validity to this information, whether or not it is a ploy by the Bolivians to elicit support for Peru to come through, I am convinced that Bolivians could well believe this story. I note that the President did offer counsel that any overture should be low key with regard to Peru. I wonder now if this story does not provide us with another reason to make a formal but low-key presentation to the GOP. If so, perhaps the Department will authorize that the points made by Ambassador Dean reported in para 5 of Lima's 10662 be repeated formally to the appropriate Peruvian authorities in the Foreign Ministry, but with a more positive tone about our future support.

5. I myself have known Julio Sanjines for a long time and have always considered him to be a very interesting Bolivian, well worth cultivating for his independent opinions and views. In the present situation he does not reflect present GOB policies or positions as set forth in statements to me by President Banzer and other GOB officials acting on his instructions. His view that Peru should not be "pressed" (Lima 10681) is not in accord with the Capriles démarche to Assistant Secretary Rogers. Nor is his view that Peru should be left alone for two or three months in accord with remarks made to me by Foreign Ministry Subsecretary Ostria on December 31 that Bolivia will not wait very long for a Peruvian reply.

6. The remarks of Chilean Foreign Ministry official Bernstein reported in Santiago 8720 are interesting but I would like to repeat that neither the GOB nor this Embassy has advocated US participation as a fourth party in the negotiations.

7. This matter, as far as we here in La Paz are concerned, is not a parochial one of supporting Bolivia's request for an outlet to the sea but is an opportunity for the USG to contribute to the reduction of long-standing tensions between Chile and Peru which have arisen at times to serious levels and have led in part to a large arms build-up in the area.

Stedman

78. Telegram 1481 From the Embassy in Bolivia to the Department of State¹

La Paz, February 20, 1976, 2005Z.

1481. Subject: FY1977 Military Security Assistance. Ref: State 36160; La Paz 1400 181630Z Feb 76.

1. The US Security Assistance Program in Bolivia has been seeking to accomplish two objectives: the equipping of five TIPO regiments in accordance with a long-standing commitment with MAP grant matériels and the shifting from donations to FMS cash and credit sales. The MAP grant program for the TIPOs has lagged badly both as to financing and timing of deliveries. This is a matter of concern to the President of Bolivia, the Bolivian military, and all US elements working here. While the FY76 MAP grant program has not yet been made effective by legislation, Bolivia is included at the level of \$2.1 million but we are hoping that this will be increased so that an effective amount of at least \$3.3 million will be obtained. Depending upon the success achieved in 76 financing and many problems with price inflation or equipment substitution, we may be able to complete the financing of the program in FY 77. Meantime we are continuing on an upward trend in FMS credit offers for Bolivia. This is a healthy shift provided that the US military authorities treat Bolivian requests as valid ones stemming from a sovereign and proud though poor country.

2. The US is continuing a bilateral AID technical assistance and loan program in Bolivia at a modest level appropriate to the absorptive capacity of the country and geared to help the rural poor. Bolivia has been able to obtain project credits from other international lenders on reasonable terms to assist in the difficult work of integrating this nation and providing a reasonable infrastructure for development. The country still has additional debt capacity available to it and if world minerals prices improve as is expected, its capacity to take on extra debt will rise accordingly. The Inter-American Development Bank has become the leading international financial institution in terms of value of development credits. The World Bank is reportedly intending to create a

¹ Summary: Stedman recommended an increase in MAP assistance for Bolivia.

Source: National Archives, RG 59, Central Foreign Policy File, D750065–1102. Confidential. Repeated to the Secretary of Defense and USCINCSO. In telegrams 3280 and 3828 from La Paz, April 28 and May 18, Stedman repeated his request to retain the present structure of the military group in Bolivia. (Ibid., D760161–1044 and D760192–0568) In telegram 131681 to La Paz, May 28, the Department denied Stedman's request. (Ibid., D760206–0969) In telegram 138216 to La Paz, June 5, the Department informed Stedman that because of a \$6 million MAP–M ceiling, it had no choice but to cut Bolivia's allocation. (Ibid., D760216–1036)

consultative group in Bolivia. These two organizations are quite optimistic about the near-term potential for economic and social development in this country.

3. Bolivia remains friendly to the US and is enjoying a period of political stability such as has not occurred in modern history. The leadership on internal and external policy, both political and economic, is moderate and orthodox and there are no bilateral problems between the US and Bolivia. Although the country is a source of the raw material for the production of cocaine, the Bolivian authorities are cooperating with the US in efforts to diversify crop production and also to reduce illicit trafficking in paste and crystal.

4. While there is at times talk about purchases of military equipment from countries other than the US, most of these purchases have not materialized. GOB policy is quite conservative and there is a desire to conserve foreign exchange. Thus, most equipment deliveries from countries other than the US have been almost gift or on easy credit terms. Bolivia continues to consider itself a responsible member of the Western Hemisphere under US leadership and wishes to continue its moderate program of modernization of its military with US advice, US grants, and US credits. Given the relatively small volume of financing required, it is clearly in the US national interest to continue to meet our security assistance objectives with the modest US resources program.

Stedman

79. Memorandum of Conversation¹

Santa Cruz, Bolivia, June 7, 1976, 8:30–10:30 a.m.

PARTICIPANTS

The United States

The Secretary

Under [Assistant] Secretary Rogers

Under Secretary Maw

Ambassador Stedman

Luigi R. Einaudi, S/P—Notetaker

Anthony Hervas—Interpreter

Bolivia

President Hugo Banzer Suarez

Foreign Minister Adriaola

Ambassador Crespo

Interior Minister Pereda

2 others

Banzer: My English is Colonel's English, not President's English. I am sorry.

The climate today is not normal. This is a hot land, but you have been greeted by a cold south wind.

The Secretary: In the United States, a southwind means a warm wind.

Banzer: Yes. Here it is the opposite.

The Secretary: I have been very impressed by the foliage. It is very luxuriant.

You have been in the United States?

Banzer: Yes. I once spent 2½ years as Military Attaché in Washington. I also spent some time at Fort Knox.

The Secretary: I am very pleased to be here in Bolivia.

We think our relations are now quite satisfactory.

¹ Summary: Assistant Secretary Rogers, Ambassador Stedman, Secretary Kissinger, and President Banzer held a wide-ranging discussion of U.S.-Bolivian relations.

Source: National Archives, RG 59, Central Foreign Policy File, P820118–1270. Secret; Nodis. Drafted by Einaudi on January 18, 1977, and approved in S on March 7, 1977. Brackets in the discussion are in the original. The meeting was held in President Banzer's home. Kissinger visited Latin America from June 6 to June 13. In a May 26 memorandum, Rogers briefed Kissinger for his meeting with Banzer. (Ibid., ARA/AND Files, Records Relating to Bolivia, 1976–1978: Lot 78D46, POL 7, Kissinger Visit) In telegram 4516 from La Paz, June 9, the Embassy sent a summary of Banzer's narcotics action plan to the Department. (Ibid., Central Foreign Policy File, D760221–0079) On June 17, Kissinger approved a request that he recommend Presidential approval for a \$45 million coca substitution program in Bolivia. (Memorandum from Vance and Luers to Kissinger, June 11; *ibid.*, P760117–1018)

Banzer: Yes. Your Ambassador here is in constant touch with our Ministers. He knows our sentiments well.

The Secretary: I appreciate very much the opportunity to be here with you now and to underscore our interest.

Rogers: I met President Banzer in Lima in December 1974, at the meeting of Ayacucho where the Andean countries signed an agreement on arms limitation.

Banzer: Yes, some advance has been made on this point. But signatures on documents are not enough. We need to take more effective steps.

The Secretary: What do you have in mind?

Banzer: The solution of the landlocked status of Bolivia.

The Secretary: Am I right that Peru has announced that it is ready to discuss the outlet issue?

Banzer: A meeting has just taken place between Chile and Peru in Lima. They will meet again in Santiago at the end of the month. We hope that, once they reconcile their approaches, it will be possible to reach a solution.

The Secretary: We support Bolivia in its search for access to the sea. In Venezuela I spoke to President Perez about it. He agrees.

Banzer: We know this is a difficult matter. But we believe it is not an impossible one.

It is of vital importance to Bolivia.

It is vital because Bolivia's geographic isolation makes Bolivia a very dependent country. This dependency in turn makes Bolivia underdeveloped, not only economically but emotionally as well.

The Secretary: What I have seen of Bolivia so far does not suggest that you are emotionally underdeveloped. And I take it that although we are closer here to the Atlantic, you are speaking of an outlet to the Pacific.

Banzer: Yes. Access to the sea from the Altiplano is very important to us, for many reasons.

The Secretary: If you get access, you will have to build the necessary infrastructure.

Banzer: There is already a road and rail communication from Bolivia to the Pacific. And there is a port as well. It is not, however, in the area we would receive under the Chilean proposal.

The Secretary: Arica would stay Chilean?

Banzer: Yes. We will have to build a separate port of our own, reach a trilateral agreement with Peru on the port, or conceivably even internationalize part of the city or the province itself.

The Secretary: Would Chile agree to that?

Banzer: We have not discussed that yet. But it would be convenient for Chile. If Bolivia were to build a separate port, Arica would suffer and perhaps even die. Ninety-five percent of the trade handled by Arica is Bolivian. As a practical matter, therefore, it would be advantageous for the Chileans to reach an agreement with us.

The Secretary: Have you decided what territory you would give Chile in exchange?

Banzer: No, not exactly. We are studying our frontiers now.

The Secretary: Is there much population in the territory you would get from Chile?

Banzer: No, very little. The lands are mountainous and desolate. They are empty and underdeveloped.

The Secretary: In sum, you would say the current negotiations depend now on Peru?

Banzer: It depends very much on their relations with Chile. But we believe that there is a very positive disposition in Peru to maintain good relations.

We must realize that only a few years ago Bolivia's return to the Pacific was a dream. Now that our country knows it has great potential, to get to the Pacific has become a precondition for our development.

Let me give you a small example of the meaning of access. If a small farmer here in Santa Cruz needs an incubator, he will have to import it from the United States or Europe. It will be shipped to Arica. Then if a problem occurs at the pier or in storage, the Chilean Government has no interest in resolving it. It is not Chilean cargo. There is a delay. Then the rail line is in bad condition. Suppose there are difficulties. Again, the same thing happens. Chile has no inherent interest in speeding up the shipment.

The Secretary: But don't you pay?

Banzer: Yes, but trains normally have problems. One day can become weeks. Our poultry man will encounter losses and delays; his delays delay our development day by day. People become discouraged by so many obstacles.

Adriazola: The losses in storage have sometimes run to \$650,000 to \$700,000 daily.

Banzer: But that is an economic issue. We believe access will have much greater impact by reducing tensions and even avoiding war. Because this has been a festering issue for nearly a century. In Peru generations have been dedicated to the idea of revenge. And the same happens in Chile, where the idea is to defend what they conquered in the War of the Pacific.

The Secretary: If Bolivia were between them, then war would be less likely.

Banzer: Exactly. The existence of a corridor would force the invaded country to align itself with the other. That fact would affect any planning for war and help to deter it.

Our basic objective is to contribute to peace and to develop the area in an integrated manner with Peru and Chile.

The Secretary: Would you get the railway?

Banzer: Yes. And we would immediately seek the resources to improve it and the road, and to construct an airport as well.

Also, our oil pipeline goes through the proposed corridor.

There is no other solution. Any other solution would force Chile to divide its territory.

The Secretary: But will Peru agree to the Chilean proposal?

Banzer: It is possible that they will say yes, but it is likely to be conditioned.

The Secretary: Such as—perhaps—water rights? Because I presume that Peru needs water for the desert areas on its coast.

Banzer: A solution would bring benefits to all three countries.

We are also concerned that without a practical, peaceful solution there could be other kinds of trouble. We are concerned, for example, that the Angolan experience might be repeated here.

The Secretary: Not a second time. We will not tolerate it. Cuba is permitted one military expedition a century.

I know there are problems. Nonetheless, I think that your discussions are useful. I spoke to de la Flor the last time I was in Lima. He said that they would study the issue with care. But I didn't get the impression that he felt an urgent need to bring the negotiations to a rapid conclusion. Am I wrong?

Banzer: No, you are right. Chile's attitude is better. Chile needs a solution to improve its image.

The Secretary: I, too, think that Chile wants a solution. In February, I did not believe that Peru had made up its mind.

Do you mind if I discuss this with de la Flor when I see him?

Banzer: No, not at all. But we are concerned that Peru might misinterpret your interest and react adversely. De la Flor is touchy. I don't know how the two of you get along. I would not want him to take it as US pressure.

The Secretary: No, de la Flor is a friend. I will not pressure him. I will ask what his intentions are.

By accident, he was the first Foreign Minister that I met after becoming Secretary of State. It was at the United Nations. He followed me in speaking at the General Assembly. After hearing his speech,

which was interminable, I met him and we talked. His rhetoric is worse than his performance.

Banzer: Obtaining an outlet to the sea is one of the essentials of our policy. We have not, as in the past, made it a partisan issue in domestic policy. It is simply a question of vital national interest.

The Secretary: You are clearly preparing for success by taking an active LOS role. Our delegates complain constantly at the activities of yours.

Maw: No, as a matter of fact, the Bolivians have always taken very positive and constructive positions.

The Secretary: Maw is our expert. He says your speeches are ferocious.

Banzer: I think one way to cooperate on this outlet question would be to strengthen cooperation aimed at increasing the general development of the region. Both McNamara and Ortiz Mena have discussed these issues with us and know them well. The World Bank and the IDB could play an essential role in cooperation for development of the region.

This is a strong argument for Peru also. The area Chile offers us, which borders Peru, is very poor. But so is the Peruvian territory contiguous to it. A pole of development would aid Peru as well.

A good policy for you would be to support the development of this area. I think that this is something that the United States could do without raising susceptibilities.

The Secretary: That we can do. It is relatively easy. I will speak to McNamara about it when I return to Washington. He is an old friend.

Banzer: He knows the problem well. He has visited our countries recently.

Even if we do not solve this problem, and obtain an outlet to the sea, we are sure the stability of Bolivia will not be effected.

But if we fail, our people would then know that our country would continue to be an underdeveloped country. They would be very let down. There would be profound internal resentment and some would seek revenge against those who refused to satisfy our needs.

We do not want arms. We want the development of our country. We want peace.

The Secretary: Do you think Peru will make a rapid decision?

Banzer: No. I repeat, there are generations in Peru raised with the idea of revenge. We have a similar problem here. Many Bolivians were educated with the idea of reconquest. But, facing the problem with realism, we can see that we are in no condition to think in terms of revenge. There are still some who do, however. We can convince them.

We have the moral authority to do so. They know we are not doing this just to try to stay in power.

The Secretary: We sympathize. Many others in the hemisphere do as well.

Banzer: We have reactivated support not only here but elsewhere. It is a useful weapon. I have spoken to many Presidents. They are committed to our support.

The Secretary: What is Brazil's position?

Banzer: Full support. Brazil put me and Pinochet in contact for the first time in Brasilia.

The Secretary: What do you think of Pinochet?

Banzer: He is a man of decision. He has problems. But he agrees with us on the outlet. As soldiers, we have committed ourselves and our honor to a solution. The problem is Peru. They have their reasons. Let us not forget that in 1879 Chile invaded Peru, occupied Lima for two years, and committed many moral outrages.

The Secretary: Yes, I know. But Peru has no quarrel with Bolivia. They cannot object to a corridor for Bolivia on the grounds that it would stop their possibilities of reconquest from Chile.

Banzer: If we could add a small port or international role for Peru to the corridor proposed by Chile, it would be a great monument to the will for peace.

We believe that in Peru's emotions, the future can outweigh the past.

The Secretary: It should be tried. We will give you support in a delicate way, without arousing resentment.

Banzer: The outcome would favor all three countries. But no one dares to admit it publicly. Chile wants to defend its territory. Peru wants more but knows it cannot get it. Bolivia cannot make the announcement because we do not want to upset either one. But it is a good solution.

The Secretary: I will talk to Silveira tonight. What do you think?

Banzer: Brazil is interested. Through us, Brazil thinks that it can gain access to the Pacific. We see this very clearly.

I have some other points as well.

The Secretary: What do you think of Peru's military buildup?

Banzer: Yes, they have constantly increased their military preparedness. They are preparing revenge. They have obtained much Soviet equipment.

The Secretary: Are they stronger than Chile?

Banzer: In equipment. But Chile has better soldiers.

The Secretary: Bolivia also.

Banzer: Yes. But we do not want to be involved. If there is a war, we would be involved because there is only 120 kilometers width of coast without entering our territory. One division may be able to operate there, but not an army corps. One country or the other would have to use our territory in case of a conflict. We would enter the war against the first that had violated our territory for then we would then not only be landlocked but violated as well.

The Secretary: You think war is possible?

Banzer: Yes, if the problem is not solved as we suggest. We have begun three-way peace talks between the armies. But we do not believe in documents. We need acts.

I think this is all we can say on this issue. The dynamics of our conversation have not enabled me to welcome you properly. Of course, I know the Foreign Minister did so already. I know he did so because I told him to. And I know he did so because I was there too last night—but as an ordinary citizen mingling in the crowd.

The Secretary: I am touched. I did not know you were there.

Banzer: Power is temporary, citizenship is permanent. As a Bolivian citizen, I did not want to miss the first arrival of an American Secretary of State on Bolivian soil. So, last night, I was there in the crowd, with my wife and children, to help receive you.

I would like you to have a clear understanding of who we are. This is a government of the Armed Forces. We call it such because the Armed Forces have the fundamental responsibility of government. But we have the support of civilians as well. There are only 40 officers in the government compared to thousands of civilians. This is not a pre-eminently military government.

We have clear goals. We seek national unity. Our geography conspires against unity. We have varied cultural origins. In the highlands, Quechua and Aymara, here in the lowlands, Guarani.

We seek the physical, cultural and spiritual integration of our country. And we have done much. Here in Santa Cruz, before, it was difficult for a man of the highlands to survive. Now they are doing much, they are the promoters of growth.

The Secretary: People from the highlands?

Banzer: Yes, the majority of the new settlers here are from there.

We want development because we have great potential. We now have 5½ million people in this country. We could support 50 million. We are rich in minerals. All forms of energy and raw materials abound.

This wealth has long been dormant, awaiting better opportunities. Now is the time to take advantage of it.

This development effort should be directed to help the human base, the peasantry. Then we will be a nation, not a collection of villages. And then we must return to the sea.

These are the objectives of the Bolivian people.

The Secretary: We followed your coming to office and your policies since with great interest. We want to help you as best we can.

Banzer: Thank you. We do recognize the cooperation we have been receiving from the United States, but we are bothered by delays. Too often, opportunities are lost because of delays.

There is a program worthy of mention in this connection. It is help for the Bolivian Government Agency for Community Development. It is directed primarily to and by the peasantry. We have succeeded in changing attitudes.

The US Government has helped, but we could use more help. We need permanent support in this regard.

The peasant must also work for his own development. Before, the peasant always asked for everything from the government: he wanted schools, water, everything to be provided to him by the government, without his contributing anything. Now, through this community development organization, the peasant contributes 1/2. The other the government provides, partly through its own funds, sometimes through external credits. This effort needs permanent support. There are similar programs, such as civic action of the Armed Forces, that work only with domestic resources.

Programs seeking these objectives are giving good results. The effort our government is investing in the future is to change permanently the attitudes of the peasants by offering them the means of improving their own lot through low-interest, long-term credits. These are now 50–50. In the future, we want them to take the major responsibility themselves.

The Secretary: What exactly can be done to help from the outside?

Banzer: Bolivia needs roads, dams, schools, hospitals. Technical cooperation is essential to improve crop yields. The United States Government, through its Embassy, has been in constant contact with our officials and our efforts. The Embassy works, but the results are slow.

Ambassador Stedman: We have two development loans to Bolivia now, from AID.

The Secretary: How long did they take to negotiate?

Stedman: The first loan took 18 months. The second . . .

The Secretary [To Banzer]: Our AID bureaucracy is composed of junior professors who could not reform the United States, so they are dedicated to reforming the rest of the world. And their conditions are endless.

Banzer: We believe that our development policies, with the support of private enterprise and others, can help us develop a great deal

without social and political costs. The results go beyond what has been given.

We can see the results in the stability and peace here in Bolivia. We are something of an island of peace within South America. There are no kidnappings here. No crimes. Strikes last hours, not weeks.

The Secretary: So that is why you are called underdeveloped! In these days no country can be self-respecting without kidnappings and popular demonstrations.

Banzer: It could be that, in the past, our people were a bit intimidated. But we value politics. We have studied it. We will be developing a new political system by 1980. It will not be a traditional one. That gave bad results. We must find a new political formula that will not repeat the errors of the past. Then we will have fulfilled the responsibility of the Armed Forces. We will then be able to continue to help our country, but without assuming direct responsibility for the nation's course.

This phenomenon is rather generalized. In our countries, the military are frequently obliged to assume power to rebuild the political situation.

The Secretary: I know that in Chile the military had never interfered before. When they did, it was because they thought they faced an extreme situation. We understand your problem.

Do you get political science lectures from our representatives?

Banzer: No.

Stedman: There are no junior professors here.

The Secretary: I remember what conditions were like in Bolivia when I first came to Washington. Things have improved.

I believe, sociologically, that the Armed Forces career is the one that is most open to talent. Is that so?

Banzer: Yes, that is very true. But there are some other characteristics of government that must also be kept in mind. We know we must respect human dignity and freedom of the press. Sometimes freedom becomes libertinage, but we know freedom must be respected.

The Secretary: If you lived in a city where the only morning newspaper was the *Washington Post*, I am not sure that you would be so favorable to freedom of the press.

Banzer: I know, I lived there.

The Secretary: They only write well about Rogers because he is a Democrat.

Banzer: I also wanted to explain that we seek to link economic to social development. As the standard of living improves, the chances of peace also improve.

In foreign affairs, we believe that the international community must resolve its differences. Rich and poor countries cannot coexist at peace for ever. The naked differences that exist now increase the danger of communism. We believe the industrialized countries should recognize the importance of better prices for raw materials. Current patterns create permanent tensions.

The Secretary: I agree with you. We have made a major effort in this regard. We have philosophical disagreements internally. Many of our people are instinctive ideological advocates of the free market. Yet we cannot reject internationally what every government accepts domestically. We favor stabilization of prices, but it is a slow process.

If I may make a point, not aimed particularly at Bolivia, because many were involved. The confrontation at Nairobi helped our internal enemies. It led to a stupid two-vote margin which helped the enemies of cooperation for development. Bolivia abstained. Our friends must understand that we need help. We cannot allow an unholy alliance between radical LDCs and US conservatives to kill development.

Banzer: I would like to comment on the strategic tin stockpile. We believe it is adequate and that it should be maintained. But we do not believe it should be used as a strategic instrument to control prices. For us, it is hard to mine our mineral riches. Yet Bolivia is the only free world major tin producer. Any variation in price affects us greatly. And our ores are expensive to extract. Mining is the base of our economy.

I repeat, I have no objection to strategic stockpiles as such. But I do not believe they should be used to regulate prices.

The Secretary: We have no policy to regulate prices by manipulating strategic stockpiles. Nixon wanted to reduce the stockpiles. This was not aimed against Bolivia, of which he was an admirer. We have signed the Tin Agreement. I have made clear we do not want fluctuations, particularly downward. [Turns to Stedman] Is something being planned now?

Stedman: There is no authority . . .

Banzer: I hope you will not get new authority from Congress.

The Secretary: Has any been requested?

Stedman: Yes, but . . .

The Secretary: Who is the Chairman?

Stedman: Bennett.

Banzer: This would have a major impact on Bolivia.

The Secretary: They won't have time. Fortunately, Congress has only 70 days left in this session, of which 40 will be spent studying the sexual exploits of their colleagues.

Banzer: That is why democracy sometimes doesn't work.

In your UN speech you said technology should be part of the patrimony of humanity. We agree. Bolivia has a great need for technology. And yet we contribute scientific know-how to the rest of the world. For example, there are more than 1,000 Bolivian doctors in the US. In Chicago alone, there is a colony. We train them at \$30,000 a head. We get no compensation when they leave. We hope more could be done on this front.

The Secretary: We agree. I discussed this very issue in Nairobi.

Banzer: On another point, in Nairobi, it was agreed that development assistance should go to the neediest. But the lowest level do not give returns. Bangladesh continues, does not resolve its problems. Money will not solve their problems.

I believe assistance should go to countries with high development potential. Bolivia has great food potential. That is the best help to give internationally. Assistance based on profitability. It is better to invest in productive areas and then to grant food so produced to those who cannot help themselves. We in Bolivia will be wheat exporters soon.

The Secretary: On the question of technical personnel and the brain drain, I have referred to this many times. I really don't know how to solve it. We would be interested in your ideas. Do you have some proposals?

Your other point is interesting. Our attitude on foreign assistance is to give preference to countries in this hemisphere. Between Bolivia and Bangladesh, we would prefer to give more to Bolivia.

Banzer: I also have a point on the question of transnational corporations. Sometimes they disturb the morals of the people. They are not directly tied to governments, but their attitudes affect the relations of host countries with the countries where the transnationals are headquartered. Here in Bolivia, for example, Gulf *is* the United States. Popular opinion does not distinguish between Gulf and the US Government.

The Secretary: We do not object to measures to control transnationals. Your major problem is to decide at what point controls become so burdensome that the parent company no longer feels it is worthwhile to compete. In the United States we believe there is some legal obligation not to have expropriations without compensation. But we also believe the company should meet international standards, and we are prepared to consider formalizing them on questions of illegal conduct.

Banzer: Could be. But the companies should behave better.

The Secretary: We do not say that there should be no regulation, only that it should not discriminate against the companies.

Banzer: Let us now turn to the drug issue.

The Secretary: Yes, I was going to raise it.

Banzer: We know Bolivia produces coca leaf that is in turn used to produce cocaine. We would honestly like to cooperate to neutralize the damage so caused. We have a narcotics control law. We are implementing the law. But we have few resources.

To be effective, we have drawn up a plan. We must first attack production (and here we have a substitution program, but coca is very profitable, and we must find alternative incentives). Second, we must control the elaboration (but this is something that requires substantial means, such as helicopters, etc.) Cocaine can be manufactured anywhere. It is easy to make.

The Secretary: You will not find it with helicopters, if it is being produced in a private home.

Banzer [Nods]: Then, thirdly, we must control sales and marketing. For this we need specialized and well-paid personnel.

The Secretary: What do you need specifically to implement your program?

Stedman: They have presented us a \$50 million program over five years.

The Secretary [To Banzer]: Our bureaucracy is torn by conflicting emotions. They want to do something, but they don't want me to do it.

[Turns to Rogers] This has been going on long enough. I want to know from Vance exactly what he did in Colombia. I want a full report on the situation in Bolivia, Colombia and Mexico. And I want to know, not what our people think they can get, nor what they think they can negotiate. I want to know what our people think they need, not what they can get from OMB.

[To Banzer] We will get in touch with you in a month.

Banzer: We believe that \$290 million worth of cocaine goes annually to the United States, causing death and other problems. We should be in a position to do something.

Rogers: It would certainly help our balance of payments.

Banzer: We want to help you. We do not have the resources to do all we want.

The Secretary [To Rogers]: I want an answer by opening of business on Monday. Have Vance send the answer to me through Eagleburger.

[Turns to Banzer] We will be in touch within a month with our preliminary ideas.

Banzer: I would like to send my greetings through you also to President Ford and to the American people and my special congratulations on your bicentennial.

The Secretary: I would like to thank you also, in the name of President Ford. This has been a very useful conversation. We will do our utmost to respond positively.

Banzer: I agree. I think it is possible that we have saved tons of paper and years of negotiations.

The Secretary: I believe anything can be solved in two hours. The problem is to terrorize the bureaucracy so that it will find the two hours.

80. Memorandum From the Director of the Office of Management and Budget (Lynn) and the President's Assistant for National Security Affairs (Scowcroft) to President Ford¹

Washington, July 27, 1976.

SUBJECT

Multiyear Budget Commitment for Narcotics Control Assistance to Bolivia

On June 6, Bolivian President Banzer presented Secretary Kissinger with a \$96 million proposal for major enforcement (\$51 million) and crop substitution (\$45 million) programs to halt cocaine production and traffic in Bolivia. At that time, Secretary Kissinger assured Banzer that U.S. narcotics assistance would be increased and that an official response to his proposal would be forthcoming shortly.

State and AID request your approval of a response to Banzer that would include a commitment of "substantial" future assistance if justified by the results of a pilot crop substitution project now underway and enhanced enforcement efforts in Bolivia. State believes that the program would eventually include:

¹ Summary: Lynn and Scowcroft outlined the Department of State/Agency for International Development multiyear option and the OMB 1-year option for funding narcotics control in Bolivia. The National Security Council Staff recommended the State/AID proposal.

Source: Ford Library, President's Handwriting File, Box 22, Foreign Affairs, Foreign Aid. Confidential. Sent for action. A stamped notation on the first page reads, "The President has seen." On August 11, Harrison informed Scowcroft that this memorandum reflected Kissinger's views. (Ibid., National Security Adviser, NSC Latin American Affairs Staff Files, Box 1, Bolivia, Economic, Social) Ford initialed his approval of Option I and his disapproval of Option II.

1. up to \$8 million in narcotics assistance funds over a 5-year period for an enforcement program beginning in 1977, and
2. up to \$45 million in AID funds for a 5-year coca crop substitution program beginning in 1979.

The State/AID recommendation sharply reduces Banzer's request for enforcement assistance because of limited Bolivia absorptive capacity but attempts to obtain Banzer's cooperation by pledging up to the full amount of the crop substitution aid he requested. If you approve, State will transmit an Aide-Mémoire which points out that assistance will depend on the willingness of Bolivian authorities to take firm enforcement action and to reduce coca production to legitimate levels. Although State does not plan to specify the precise amount of future assistance, our Ambassador would be authorized to inform Banzer orally that we were considering up to \$45 million in aid if justified by the pilot program. State maintains that:

- Failure to respond to Banzer's request for crop substitution aid risks losing the opportunity to test Banzer's commitment to move ahead with a tough narcotics program and might even cause him to relax what little enforcement he is currently undertaking.
- The U.S. aid pledge can be sufficiently caveated to avoid locking the U.S. into a large program if the Bolivians do not undertake a meaningful enforcement program.
- The U.S. should proceed with a multiyear commitment in Bolivia because of the unique opportunity, even though program details have not yet been formulated.
- The proposed effort in Bolivia, a major producing country, would complement and strengthen the program in Colombia, a major trafficking country.

OMB and NSC have reviewed the State/AID proposal pursuant to your memorandum of April 21 regarding new foreign commitments.

OMB recognizes the State arguments but has a number of reservations about a large multiyear commitment to Bolivia at this time.

- Cocaine is a lower priority drug (after heroin, amphetamines, and barbituates) as reported in the Domestic Council's *White Paper on Drug Abuse*.
- [less than 1 line not declassified] raises major questions about Banzer's ability and desire to undertake a meaningful narcotics program given political and family constraints.
- Results from a U.S.-sponsored pilot crop substitution project currently underway will not be known for two years; it is premature to make a multiyear commitment before we know whether the program makes sense.
- The Bolivians would resent efforts to reduce this commitment even if they did not perform.
- A program for Bolivia would not be particularly effective in reducing the flow of illicit cocaine into the U.S. unless production could also be reduced in Peru which is the other major producer.

- A large multiyear commitment to Bolivia would set a precedent leading other narcotic producing countries to expect sizable forward U.S. commitments in advance of completed planning.

In view of these reservations, OMB believes that it would be unwise to make a multiyear commitment at this time. Accordingly, *OMB recommends a second approach* which would:

1. Provide modest increases in enforcement assistance within existing budget levels to test Bolivian political will, capability, and performance.

2. Increase funding to accelerate the pilot crop substitution project now underway, but avoid promising any substantial increases or discussing any particular funding level until a specific program can be developed based on the results of the completed pilot project.

If you approve this option, State will transmit an Aide-Mémoire which points out that the U.S. Government endorses the current Bolivian resolve and is ready to support the Bolivian government in its effort immediately with increased enforcement assistance and funding for the pilot crop substitution project. Funding consideration of a multiyear crop substitution program in the future, however, must be based on the results of the pilot project.

NSC believes that it is imperative to be responsive to the Banzer initiative. Failure to make a commitment to a multiyear effort would be perceived by the Bolivians as a rebuff and would have unfortunate consequences for our efforts to interest leaders throughout Latin America in joint narcotics control programs. Moreover, State's proposed careful response would make the commitment contingent on Bolivia's ability and willingness to use the funds effectively. There is no question of being locked-in to a multiyear program that does not achieve its goals. Accordingly, *NSC recommends you approve the State proposal.*

Recommendations:

Option I: Authorize commitment to Banzer of "substantial" AID funds, if justified by the results of the pilot project, and up to \$8 million of enforcement assistance. Authorize our Ambassador to indicate to Banzer that up to \$45 million could be made available over a five-year period. (State/AID and NSC recommendation)

Option II: Limit commitment to increases that can be funded within 1977 budget totals while expressing support for longer term aid based on results of the pilot project. (OMB recommendation)

81. Telegram 207837 From the Department of State to the Embassy in Bolivia¹

Washington, August 20, 1976, 2119Z.

207837. For Ambassador from Vance and Luers. Subject: Narcotics Control: Presidential Authorization of Forward Commitment of Funds. Ref: State 165221.

1. Authorization of the forward commitment of funds for a crop substitution and enforcement effort in Bolivia was approved by the President on August 13, 1976. The Embassy may now deliver the following aide-mémoire.

Quote:

During their conversations on June 6, 1976, President Banzer informed Secretary of State Kissinger of the intention of the Government of Bolivia to launch an all-out effort to stop trafficking of drugs within and from Bolivia and to rationalize the production of coca to reduce it to the levels required for legitimate uses. These ambitious and encouraging plans of the Government of Bolivia were brought to the attention of President Ford who welcomes and wishes to encourage the Bolivian initiative to combat the international drug traffic. It is only through such a comprehensive undertaking and close international cooperation that we can hope to have a real impact on this problem affecting the US and Bolivia. The US Government stands ready to join in and support this Bolivian effort.

For its part, the US Government will:

—Provide the technical expertise, the cooperation of the Drug Enforcement Administration (DEA) and financial aid from the Department of State to the Bolivian agencies charged with drug enforcement and control to enable them to mount a program designed effectively to attack known trafficking points and provide the long-term capability to control trafficking; and concurrently

—Immediately expand and accelerate the research program and pilot program now underway in the Yungas and Chapare areas.

¹ Summary: The Department instructed the Embassy to deliver to the Bolivian Government an aide-mémoire outlining parallel U.S. and Bolivian anti-narcotics efforts.

Source: National Archives, RG 59, Central Foreign Policy File, D760320-0389. Confidential; Immediate. Drafted by Nicholson; cleared by Parker, Harrison, Luers, Wampler, Heyman, and Lion and in draft by Pace, Eyre, Brown, and Cusack; approved by Vance. In telegram 6731 from La Paz, August 25, Stedman informed the Department that he thought the guidelines in the aide-mémoire to be overly rigid. (Ibid., D760325-0060) In telegram 212007 to La Paz, August 26, the Department disagreed, replying that the aide-mémoire represented a "balanced effort." (Ibid., D760325-1024)

If these projects indicate that it is economically, socially and agriculturally feasible, the Agency for International Development (AID) will make available substantial loan funds over a five-year period to finance up to 75 percent of the costs of development projects to assist the rural poor now growing coca in the Yungas and Chapare regions. This financing for specific projects to be mutually agreed upon would begin as soon as there is sufficient information from the pilot program to determine the type of activity which should be undertaken and the costs involved.

The Government of Bolivia, for its part, in response to this US Government assistance, will:

- Immediately intensify efforts to apprehend and convict cocaine traffickers, prevent new plantings of coca throughout Bolivia and place strict controls on the transport and marketing of coca leaf.

- Provide the necessary regulations, manpower and financial resources to reduce coca production to legal usage levels through the development of alternate income sources for coca producers, and

- Create an effective nationwide network of narcotic enforcement institutions.

If these parallel courses of action are satisfactory to your government we are prepared immediately to begin mutual planning for the program, and then promptly initiate its implementation. Unqte.

2. We feel that the above represents a significant new initiative, our first effort in the hemisphere at a comprehensive drug control program—production reduction, control and enforcement. You are to be commended for your foresight and perseverance in moving the GOB toward the decisive discussion between the Secretary and President Banzer on crop substitution at Santa Cruz.

3. However the immediate USG interest is prompt and effective GOB action to stem the flow of cocaine to the US and it is because of the primacy of this interest that we are obliged to tie our inputs closely to progress in the enforcement area.

4. Following receipt of a favorable response from the GOB to the conditions set forth in the aide-mémoire, a team will immediately proceed to Bolivia to work with Mission and Bolivian officials on details of the programs we will support under the new forward commitment. We must seek the most appropriate and effective ways to expedite pilot crop studies, build up GOB enforcement capabilities and establish the outline of a viable crop substitution program. To facilitate this effort we have agreed upon the following precepts to guide the team and the Mission in this complex effort to effect a joint plan. We are confident that you will understand that these guidelines are dictated by the delicacy and complexity of this very important and novel effort in narcotics control.

—The US cannot be committed to providing any predetermined total or kinds of aid. Assistance will be phased and each US input will be dependent on effective progress in the previous phase. Team-Mission recommendations will, of course, be subject to review by the regional CCINC interagency group and approval by the senior adviser, S/NM and, to the extent AID funds are involved, by the ARA/LA and, as necessary the AID Administrator. The forward funding authority gives AID the authority to authorize up to \$45 million in loans over 5 years for income substitution and the Department of State to make INC grants up to \$8 million for enforcement and control over five years. INC funds will also be available for expansion of the pilot project. These amounts should not be given the GOB unless you deem it absolutely necessary to elicit Banzer's commitment to a strong enforcement/control program and then only in the context of the mutual obligations set forth in the aide-mémoire.

—US support for Bolivian efforts to reduce coca production is justified in the context of gaining GOB support for enforcement and as essential to stopping the growth of coca destined for the manufacture of cocaine. Thus, economic development activities in the coca producing areas must be justified on developmental grounds. At the same time, such activities will not be financed by the USG without clear progress by the GOB toward effective control of coca production and adequate enforcement and prosecution measures against major manufacturers and traffickers. These two aspects of control are interrelated; unsatisfactory progress in either one would unavoidably put the seriousness of the GOB's commitment in doubt.

—USG support for improved enforcement seeks to obtain the commitment and support of law enforcement officials and personnel to strengthen their capability to detect and eliminate major manufacturers and traffickers. More precisely, we are not interested in establishing a massive nationwide narcotics agency per se but rather to build one which can destroy, suppress and deter major trafficking. This implies a smaller rather than larger staff mobility, reliable communications and, above all, an extensive and carefully developed and targeted intelligence network. The size, composition and equipment of the narcotics enforcement apparatus is a function of its mission and what it will take to accomplish it. Consequently, there are sound planning reasons for concentrating initial inputs on a specific target area and groups—to gain experience as well as to test the mettle of the political leadership to proceed against the more influential and important traffickers. Therefore, we should give emphasis in the overall enforcement plan to the inputs required for the DNSP to mount a major operation in the Santa Cruz area. It should be made clear that the US wishes to see the GOB moving successfully on the Santa Cruz traffickers before

we make any major deliveries of equipment for the overall enforcement effort or authorize loan financing to implement the accelerated crop substitution program.

—The US views early GOB action to place coca production under an effective control and licensing system to be prerequisite to authorization of any AID loan for the crop substitution program. In this initial phase, new planting would be prohibited and plantings in new areas be phased out in a short time frame. (Licenses would not be withheld from traditional growers until appropriate measures are in place for crop substitution.)

Promulgation of a plan, development of implementing instrumentalities and an organization to enforce production controls for reducing coca production to legitimate usage levels is to be the sine qua non of major AID financing.

—Bolivia does not have a major addiction problem; therefore, requirements for US assistance in prevention and treatment should not be major. Dr. Dupont, Director of NIDA, recently visited Bolivia and recommended that we start by inviting Dr. Noya, Bolivian leader in this field, to visit the US for orientation and to pinpoint areas of future cooperation. Therefore, the team will limit its involvement in matters of prevention and treatment to courtesy visit and discussions and furthering the invitation.

—INC funds have certain limitations in their uses. They may not be utilized to pay for intelligence, or rewards, to pay salaries of host government personnel, nor for expenses associated with the detention or incarceration of narcotics offenders. As a matter of program policy, INC funds should not be programmed for other than ordinary hand guns, weapons systems, office furniture or electronic surveillance equipment.

5. Further details on the team composition will be supplied by separate cable. Please advise your estimate of a desirable ETA.

Habib

82. Telegram 9124 From the Embassy in Bolivia to the Department of State¹

La Paz, November 15, 1976, 1500Z.

9124. Subject: Guidance on Human Rights Provisions of New Security Assistance Legislation. Ref: (A) State 231122, (B) State 045319.

1. I called on Foreign Minister, Air Force General Oscar Adriazola, on November 12 to discuss human rights sections in the new security legislation and to leave a note containing the text of those provisions. The Foreign Minister said he would examine the legislation carefully and expressed hope that it did not establish conditions to be met before providing security assistance. If that were to be so, it would infringe the sovereignty of recipient countries and he, personally, would recommend that Bolivia not accept assistance so conditioned. I explained that current legislation calls for analysis of treatment of human rights in each country receiving security assistance and that these reports will serve as a basis for Presidential and congressional decisions as to maintaining, modifying or suspending assistance. The Foreign Minister concluded that this is not conditioned assistance and expressed the hope that Congress and the U.S. executive branch make every effort to understand the circumstances in the Southern Cone which have led to the military taking power. He expressed his personal view that our officials are relying too much on exaggerated press reports which in large measure are based on self-serving allegations from extremists who are trying to undermine governments which came to power to rescue nations from Communist and Marxist domination.

2. Foreign Minister Adriazola said that the United States is the leader of the Western world in a desperate fight against communism. Bolivia and the Southern Cone countries consider themselves allies of the U.S. and respect the U.S. as the leader in this fight. Yet Southern Cone countries are dismayed when the U.S. virtually turns against military governments even when they have taken power to halt the takeover by communism. Allende was taking Chile into the Soviet camp; Torres was

¹ Summary: In a conversation with Ambassador Stedman, Foreign Minister Oscar Adriazola complained that U.S. human rights policy restricted security assistance and made it difficult for Bolivia to fight communism.

Source: National Archives, RG 59, Central Foreign Policy File, D760426-0101. Confidential. In telegram 231122 to all diplomatic and consular posts, September 17, the Department discussed "explicit congressional policy guidance on human rights matters [that] definitively links provision of security assistance to human rights observance." (Ibid., D760353-0445) In telegram 45319 to all diplomatic posts, February 25, the Department explained the requirement that Embassies report on human rights policies. (Ibid., D760071-0412)

facilitating the communization of Bolivia; Perón was permitting the fracturing of Argentine society and allowing the increasing militancy of armed leftists within that country; the Tupamaros in Uruguay almost brought that country to chaos from which the Communists would have been the beneficiaries. Those forces pressing for Communist control have long used violence and terrorism. Abuses of human rights are tools for Communist subversion and disruption. Criminal acts such as those must be dealt with, according to the Foreign Minister. As allies of the U.S. in the worldwide fight against communism, the Southern Cone countries think that what they have done by overthrowing alien ideologies and preserving legitimate societies is a major contribution in the worldwide anti-Communist fight of the U.S. Rhetorically he posed this question, quote “would the U.S. prefer for us to become enslaved by Communist forces who have no respect for human rights or for us to maintain respect for human rights for the masses but deal effectively with criminal elements seeking to undermine orthodox institutions?” Unquote.

3. In the case of Bolivia, the Minister in effect lectured to me. He cited freedom of the press, which the SIP just confirmed in its Williamsburg meeting, as the greatest brake on abuses of human rights. He said that the GOB does not have a policy of repression and maintains its courts and legal system open and free without manipulation. He asserted that the military regimes which have come to power in the Southern Cone did not do so in the quest for power or to establish dictatorial governments. They are the legitimate guardians of freedom of the population from subversion, violence, terrorism, and domination by communism. The struggle goes on and the regimes must continue to be vigilant in defense of the interests of the people. The regimes understand the difference between dissent and subversion; permit the former as witness the free press in Bolivia. He complained that the U.S. Congress does not understand what subversion is and has taken a one-sided position, colored by media, academics, exiles, etc. He mused that when Communists suppress human rights as a conscious policy the Congress seems very little concerned. But let a Latin American military government restrain a Communist agitator from subversion and there is an immediate negative reaction.

4. The Minister closed by suggesting that the U.S. push the United Nations Human Rights Commission to become more active in the question of human rights abuses in the Soviet Union, Cuba, and Mainland China as a necessary step to root out clearly conscious policies of gross violations of human rights. He said it would be interesting to investigate Mexico. He repeated his request that the U.S. executive branch do what it can to try to help U.S. Congressmen to get facts before legislating and

to understand the realities of Southern Cone military regimes so as to have a clearer perspective on human rights.

Stedman

Brazil

83. Backchannel Message From President Nixon to Brazilian President Médici¹

Washington, March 6, 1973.

Please bring the following message from President Nixon exclusively to the attention of President Medici.

There are indications that Venezuela and Ecuador may seek to have sanctions against Cuba lifted when the General Assembly of the OAS convenes in Washington in April. President Nixon wants President Médici to know that he strongly opposes such a move and that the United States will take vigorous action in opposition if such a proposal is made. Anything President Médici is able to do in support of the United States position will be deeply appreciated.

¹ Summary: Nixon informed Médici he strongly opposed an effort by Venezuela and Ecuador to lift OAS sanctions on Cuba.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 772, Country Files, Latin America, Brazil, Vol. IV, 1973–1974. Top Secret; Exclusively Eyes Only. On April 18, Scowcroft informed Kissinger that Nixon had “reacted strongly to an item [text not declassified] regarding Venezuela’s and Ecuador’s efforts to remove OAS sanctions from Cuba. Scowcroft attached a copy of the item with Nixon’s handwritten note, “K[issinger]—inform State *now*—we are to vigorously oppose this move—get our position in the private channel to Médici.” (Ibid.)

84. Memorandum From the Deputy Director of Central Intelligence (Walters) to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, March 8, 1973.

SUBJECT

Reply from President Médici of Brazil

1. The following message [*1 line not declassified*] is President Médici's reply to President Nixon's message:

"President Médici greatly appreciates President Nixon's message to the effect that in view of the indications that Venezuela and Ecuador may demand the abolition of sanctions against Cuba during the forthcoming meeting of the OAS, he, President Nixon will strongly oppose any such abolition and that the U.S. will vigorously oppose such a proposal if it is made.

"President Médici wishes to inform President Nixon that Brazil's position will also be firm and resolute against any such attempt as that referred to above whatever the country which makes such a proposal.

"In the same way Brazil will publicly oppose any indirect attempt—and this seems more likely—aimed at achieving the same objectives through a resolution which would in practice open the way for a future lifting of the sanctions.

"Brazil would very much like to be able to count on the support of the United States in such a case."

2. [*less than 1 line not declassified*] President Médici's representative (Colonel Dieguez) said that the President and Foreign Minister Gibson Barboza, who was asked by the President on the evening of 7 March to draft the above position, wished to convey additional thoughts orally. On the occasion of a recent meeting with the Venezuelans at Santa Elena, the Venezuelan Foreign Minister told Gibson Barboza that he planned to introduce a resolution at the upcoming OAS meeting. The Venezuelan insisted that it would not be a motion to lift sanctions because a meeting of consultation would be the only appropriate forum for such an action. Moreover, the Venezuelan reportedly also agreed that such a motion would be defeated easily. What the Venezuelan

¹ Summary: Médici informed Nixon that Brazil would publicly oppose an attempt to lift sanctions on Cuba.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 772, Country Files, Latin America, Brazil, Vol. IV, 1973–1974. Secret; [*handling restriction not declassified*]. On March 20, in a backchannel message, Nixon informed Médici that he appreciated Brazil's opposition to lifting OAS sanctions on Cuba. (Ibid.)

proposes, he told Gibson, is to head off an alternative Peru-Ecuador resolution in stronger terms. The Venezuelan apparently wishes to enlist Ecuador as co-sponsor of a resolution which, in effect, would say that times have changed, as attested to by U.S. rapprochement with the Soviets and Chinese, and the end of the Vietnam war. On that basis, the Venezuelan is said to have gone on, the OAS must publicly state that a new era of peace and brotherly love is upon the world.

3. Dieguez said that Brazil will oppose the Venezuelan resolution because it could lead to judgments by individual nations that they are free of commitment to the sanctions. Gibson Barboza estimated that at least eight nations would jump on that bandwagon and embrace Cuba. While Gibson believes that it will be a difficult task to defeat the Venezuelan resolution, Brazil will oppose it steadfastly and would hope to count on the U.S. to oppose any such “we are all at peace and brothers” proposal as well as any subsequent meeting of consultation move to end sanctions.

4. [2½ lines not declassified]

5. The following comment was additionally received [*less than 1 line not declassified*]:

“Since President Médici has brought this matter to the knowledge of the Brazilian Foreign Ministry, I would like, for obvious reasons, to be authorized to inform the Ambassador, who is not a square. [*name not declassified*]”

Vernon A. Walters
Lieutenant General, USA

85. Telegram 95947 From the Department of State to the Embassy in Brazil¹

Washington, May 18, 1973, 2137Z.

95947. Subject: FY 74 CASP—IG Review. Ref: Brasilia 2757.

1. Information contained para one reftel correct. Approved decision memorandum accompanying revised approved 1974 CASP reads as follows:

U.S. bilateral assistance. The IG determined that the bilateral assistance program for Brazil should be phased out and that substantial progress should be made toward this objective during the CASP time frame. To this end, the IG reached the following conclusions:

(1) The AID program for Brazil should be terminated concurrently with the full disbursement of the existing AID loan pipeline and in any case no later than FY 1978.

(2) The bilateral program for each year until termination should be appreciably smaller than that for the preceding year. These programs should not exceed \$5–6 million in FY 1974 and \$3–4 million in FY 1975, moving to an austere monitoring level thereafter.

(3) The Country Team should forthwith prepare a plan for phasing the bilateral program down and out and recommend the manner in which this intention should be made known to the Government of Brazil.

(4) The phase-out of the AID program will not preclude further AID financing of narcotics control and family planning activities in Brazil. In the case of family planning the international institutions should be considered first. AID will also continue to be willing to provide services to Brazil on a reimbursable basis.

2. In IG discussions of CT proposals contained in CASP submission there was unanimous view that idea of indefinitely continuing \$5–6 million TA program for Brazil was unrealistic and unwise given the rapid development of Brazil, its sturdy reserve position, increased con-

¹ Summary: The Department informed the Embassy that, given the rapid economic development of Brazil and congressional hostility to indefinitely continuing assistance programs, bilateral assistance (with the exception of narcotics and family-planning assistance) would be phased out.

Source: National Archives, RG 59, Central Files 1970–73, POL 1 BRAZ–US. Confidential; Immediate. Repeated to Rio de Janeiro. Drafted by Lippincott, cleared by Low and Kleine, approved by Crimmins. The FY 1974–1975 CASP submission, February 17, is *ibid.* On May 10, the Embassy reported that it had “learned informally” that the IG was planning on phasing out U.S. Government economic assistance to Brazil and wanted confirmation from the Department. (Telegram 2757 from Brasília, *ibid.*) The final version of the CASP has not been found.

gressional hostility to indefinitely continuing assistance programs, and estimates of the requirements for a “mature partnership” with a country rapidly emerging as a world power. Several agencies felt that consideration should be given to immediate termination and the levels shown in the decision memorandum are the highest on which agreement could be obtained.

3. Immediate cessation of the bilateral concessional assistance was avoided only by the persuasiveness of two arguments: 1. That the sizable loan pipeline would require some A.I.D. presence for monitoring purposes for several more years, and 2. given the success of our past programs in helping Brazil and the current good state of our relations, our phase-out should be sufficiently gradual to avoid the charge of arbitrary and peremptory unilateral action.

4. On the other hand it was agreed in the IG that real and provable progress toward phase-out must be made in order to avoid or blunt congressional attacks on a continuing AID program in Brazil with its risk of subsequent mandatory, peremptory termination.

5. John Hannah informed of above and approves.

Rush

86. **Memorandum From Richard T. Kennedy of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)**¹

Washington, May 23, 1973.

SUBJECT

Advance Commitment of FMS Credit for Brazil

Recognizing that the advance commitment of FMS credit to support large aircraft procurement programs would have the effect of severely limiting the availability of credit in future years and thereby restrict the President's flexibility to meet other requirements that may arise, we arranged last September to have all requests for such advance commitments submitted to OMB and your staff for prior approval. The precise situation we visualized then is now upon us.

Under Secretary Tarr has recommended, with the concurrence of Defense and Treasury, that we agree now to provide FMS credit totaling about \$170 million over the three years Fiscal 1974-76 to Brazil for purchase of U.S. aircraft (Tab B). OMB has asked for our comments.

The Brazilians wish to buy 9 C-130s and 48 F-5Es. The primary competition is the French Mirage. Though the Brazilians reportedly prefer to buy from us, the French are offering more attractive terms, such as a longer repayment period and guaranteed credit.

The problem is a shortage of uncommitted FMS credit in FY 74 and 75. Starting with the congressional ceiling of fiscal 1972 and 73 and subtracting present commitments, expected earmarking for Israel, and the Brazil sale, only \$9 million in credit would remain uncommitted for FY 74 and \$33 million for FY 75 (detailed chart, Tab A). The President's flexibility will be severely limited, particularly in FY 74, if we authorize this commitment. We have examined every conceivable way to minimize the problem and protect the President's flexibility.

¹ Summary: Kennedy recommended that Kissinger approve FMS credits in FY 1974-1975 for Brazil to purchase aircraft even though it would constrain future allocations of FMS credits.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 772, Country Files, Latin America, Brazil, Vol. 4, 1973-1974. Confidential. Sent for urgent action. Kissinger approved the recommendation. Kissinger wrote on the memorandum, "See me. HK." Attached but not published are Tab A, a chart on FMS credits, undated, and Tab B, a memorandum to the Director of OMB from Tarr, May 1. On August 31, the Brazilian Air Ministry signed a contract with the Lockheed Corporation to purchase the C-130s, and the Ministry intended to sign a contract with the Northrop Corporation not later than September 7 to purchase the F-5s. (Memorandum from Peet to Schlesinger, September 4; *ibid.*, RG 59, ARA/NSC-IG Files: Lot 75D224, DEF 12-5, Sale of F-5s, 1973)

—A cash sale would be unacceptable to Brazil.

—Using non-guaranteed private credit would mean higher interest rates to which Brazil would not agree.

—Extending financing into FY 77 in order to lower the FY 74–75 amounts would require delaying deliveries, which Brazil would not accept.

—The Ex-Im Bank will not designate a country as “developed” and finance its purchases until its per capita annual GNP reaches \$1,200. Brazil’s per capita GNP is only about \$500.

If Congress authorizes a FMS program ceiling higher than the \$550 million of the last two years, the problem would be reduced. We have requested \$760 million and Senator Fulbright’s bill cites \$700 million. Something above \$550 million, therefore, is a reasonable expectation, though we cannot count upon a higher authorization.

There is no question that the aircraft sale to Brazil would be in our interest. The sale would signal the end of the unilateral and unrealistic FMS restraints of the late 1960’s, which were resented as paternalistic by Latin American governments. It would respond to the Brazilian need for equipment they believe essential, would benefit our balance of payments, and would help maintain and strengthen our traditional close relationship with the largest Latin American country.

Consequently, in spite of the possible stringent limitations on FMS credit availability, *I recommend* that we advise OMB that the advanced commitment of FMS credit for Brazil should be approved.

Bill Jorden concurs.

87. Telegram 1738/Secto 191 From the Embassy in Jamaica to the Department of State¹

Kingston, May 28, 1973, 0620Z.

1738/Secto 191. Subj: SecVisit LA: Conversation with Brazilian FonMin Gibson Barboza.

1. Following presentation of gifts, Secretary had approximately one hour talk with Foreign Minister in the presence of advisors: Ambassador Rountree, Under Secretary Casey, Pedersen, Kubisch, Szabo and DCM Cleveland on US side; SecGen Carvalho E Silva, Ambassador Araujo Castro, Director Americas Department Expedito Rezende, and American Desk Officer Frassinetti Pinto on Brazilian side.

2. After welcoming Secretary's visit, FonMin lauded the excellent present state of US-Brazilian relations. In this connection, he thought that President Médici's visit to US in December 1971 had marked a high-point in US-Brazilian relations, and had materially enhanced the quality of these relations.

3. President's visit: Foreign Minister added that Brazil, and in particular President Médici himself, looked forward to the visit of President Nixon, which GOB felt would make an important further contribution in the same sense. Secretary replied that as Foreign Minister Gibson knew, the President was anxious to visit South America and particularly Brazil, and intended to do so during President Médici's term of office. He originally had in mind later this year but there was a problem about the Venezuelan election in November; hence with Christmas season coming on thereafter, it seemed as if Jan or Feb of 1974 would be the best time for visit. FonMin pointed out that Brazil would be electing a new President on Jan 15, 1974, and suggested that Presidential visit following these elections might be awkward because of possible confusion of roles of President Médici and the President-elect. The Secretary agreed this could be a problem, but wondered if there might

¹ Summary: Rogers and Gibson Barboza discussed a possible visit by President Nixon, economic matters, and a speech by Kissinger on a "New Atlantic Charter."

Source: National Archives, RG 59, Central Files 1970-73, ORG 7 S. Confidential. Repeated Priority to Brasília and Rio de Janeiro. Rogers visited Rio de Janeiro and Brasília May 19-22. In telegram 1734 from Kingston, May 27, the Embassy sent to the Department a memorandum of conversation of a separate Rogers-Gibson Barboza conversation on Law of the Sea. (Ibid.) Kissinger's April 23 speech is printed in *Foreign Relations*, 1969-1976, volume XXXVIII, Part 1, Foundations of Foreign Policy, 1973-1976, Document 8. In telegram 3014 from Brasília, May 19, the Embassy informed the Department that Gibson Barboza might raise the issues of collective economic security and the multilateral commercial negotiations of 1973, strengthening the UN and OAS, terrorism, and regional issues. (National Archives, RG 59, Central Foreign Policy File, [no film number]) The 2-year U.S.-Brazil Shrimp Conservation Agreement was signed on May 9, 1972.

not be advantages as well; a visit at this point would enable the President both to renew and cement the close personal relationship which he had established with President Médici, but also get to know the President elect with whom he would be working in the future. The Secretary agreed in any case to consider the matter again in the light of FonMin's information and be in touch.

4. The Secretary emphasized that he did not want his own visit to be considered as a public relations visit but rather as one designed to produce results which counted. The Secretary added that relations between State Department and Congress in US were steadily improving, which gave the Department a capacity to influence Congress in areas where congressional problems might have arisen in our relations with Latin American countries.

5. Shrimp agreement: In this connection, Secretary said he knew GOB had been somewhat concerned about the length of time it had taken us to submit to the Congress necessary legislation for implementation of US-Brazilian agreement on shrimp fishing. This delay had been caused by bureaucratic difficulties in Washington. He was happy to be able to inform FonMin that these had been overcome and that the legislation would be submitted late the same week or early the next. FonMin thanked the Secretary and acknowledged there had been indeed some difficulties in the implementation of the agreement, in particular late arrival of notification of vessels authorized to fish under agreement. In this connection he made specific reference to "Apollo 12" case. The Secretary assured the FonMin that on his return he would make an effort both to expedite congressional consideration and approval of implementing legislation, and to insure that streamlined procedures were adopted which would bring an end to difficulties the FonMin had mentioned. He pointed as well to US desire to renew fishing agreement when it expired at end this year; FonMin did not comment audibly on this point.

6. Law of the Sea: Secretary underlined basis of US position. In a lengthy reply, Gibson Barboza reiterated essential points of Brazil's position, describing it as "extreme position" on which flexibility was limited by legislative action; nevertheless FonMin insisted on Brazil's desire to find some accommodation in this area with [garble—member?] countries and US, and in particular reiterated assurances that Brazil had no intention of using its control over territorial sea to hinder US defense posture.

7. Other agreements: FonMin described shrimp agreement as a "good agreement" because it provided a pragmatic solution to an important problem in a manner which did not prejudice the legal position of either Brazil or the US. He also spoke warmly of our bilateral agreement on peaceful uses of nuclear energy, which once again took

account of but did not attempt to settle disagreement in principle over matter of peaceful nuclear explosions. FonMin spoke warmly of the US-Brazil treaty on scientific and technological cooperation which set a pattern for future cooperation in this field; indeed, he felt strongly that the size and number of programs under this agreement should be substantially expanded. The Secretary promised to look into this question on his return.

8. US aid to Brazil: FonMin expressed considerable concern over fact that FY 1974 aid budget contained no provision for continuing loans to Brazil. He pointed out that despite success of "Brazilian miracle", which had perhaps been oversold, Brazil remained a less developed country in severe need of continued capital support. Concern over discontinuance of US bilateral loan assistance was motivated particularly by fear that such action on USG part would discourage international financial institutions, particularly World Bank and IDB, from continuing to lend support to Brazil at previous rate. He specifically asked that USG review and revise this policy. Secretary in reply pointed out that for some years the US had been under pressure to move from bilateral aid, which many countries felt involved excessive US interference in their internal affairs, to multilateral aid. (Gibson commented that Brazil much preferred bilateral.) Secretary added that he could see no evidence in past cases where bilateral aid had been terminated (e.g. Korea and Taiwan), that this had discouraged World Bank and other international financial institutions from continuing to support a developing country. He said he would certainly do all he could to discourage any such reaction.

7[9]. Multilateral Trade Negotiations: FonMin Gibson Barboza emphasized the importance which GOB attached to success of forthcoming MTN as well as to the work of Committee of 20 on International Monetary System. FonMin hopes to be able to attend opening session MTN in Japan. In his view the combined work of C-20 and MTN will change the face of the world and establish a new basis for international economic relations, one likely to last a long time. Hence Brazil intends cooperate fully in these negotiations, and looks in this connection to visit Ambassador Malmgren later this week. Secretary indicated his pleasure at FonMin's approach, which largely parallels our own, and hopes US and Brazilian delegations would be able to work closely together in course of MTN.

8[10]. Atlantic Charter: In this connection, FonMin expressed his concern about Kissinger speech proposing a "New Atlantic Charter", which he felt suggested an exclusive relationship between US and Europe (as well as a questionable "Atlantic" Japan) and failed to consider the role and importance of the under developed countries in trade matters and in general. Ambassador Araujo Castro added this concern

was generally shared by the developing country Embassies in Washington. Secretary felt this speech had been somewhat misunderstood. GOB should not worry excessively about it. Kissinger's speech had been interpreted as statement of general purpose, designed in particular to insure that the Atlantic Alliance, which had played and should continue to play such an important role in the security of the Western world, should not be split because of competition and differences on trade matters. We in no sense had in mind an exclusive club. The point, he added, was that bulk of the trade problems to be discussed in MTN lie among the developed countries. FonMin pursued this point in various ways for considerable period but finally appeared to accept Secretary's assurance at time he left the session in order to proceed to a private lunch for Secretary Rogers.

Rogers

88. Telegram 3289 From the Embassy in Brazil to the Department of State¹

Brasília, May 30, 1973, 2015Z.

3289. Subject: Assessment of U.S.-Brazilian Relations.

1. In the course of my calls on the President, the Foreign Minister, and other Ministers and senior Brazilian leaders incident to my departure from the country, I have been struck by the consistency of their remarks concerning the state of U.S.-Brazilian relations. I share their view that relations have probably never been better. This is of course due to a combination of factors which I shall touch upon in this, my final substantive message from Brazil as Ambassador, but clearly the general atmosphere created by top level relationships, notably that between President Nixon and President Médici, is one of the most important aspects. The recent visit of Secretary Rogers and his cordial talks with Brazilian leaders contributed significantly in this regard.

¹ Summary: Rountree reported on Brazilian internal politics and the good prospects for sustained economic growth. The Ambassador added that while the United States and Brazil had failed to achieve consensus on international commodity agreements and the Law of the Sea, the Brazilian military's decision to strengthen ties with the United States boded well for future relations.

Source: National Archives, RG 59, Central Files 1970–73, POL BRAZ–US. Confidential. Repeated to São Paulo and Rio de Janeiro.

2. Brazil has responded extremely well to our enunciation of the concept of a mature partnership. Indeed, no other approach could have succeeded as well in this country which, following the revolution of 1964, has developed a sense of national purpose and cohesion second to none in Latin America. The chaos and confusion of the early 60's have been replaced by order and a sense of direction, supported by a Cabinet largely of technocrats who have been highly successful in devising pragmatic policies and methods conducive to rapid progress. The new confidence which has been developed has rendered it possible for Brazilian leaders to discuss outstanding issues in a manner devoid of the hang-ups which so often mar reasonable negotiation among nations of the hemisphere.

3. In the nine years since the revolution the Brazilian regime has consolidated its position and established a substantial degree of political stability and tranquility. The major speculation at present is upon the choice of President Médici's successor, and whether under the new leadership there will be any fundamental change. It seems reasonably certain in my view that the military leadership of Brazil, with a key input by President Médici, will select a successor unlikely to depart drastically from current policies. Whether Ernesto Geisel, widely regarded at this time to be the front runner, or another senior general (the possibility of which I have never discounted) is selected, the incumbent is likely to seek sustained stability and an essential continuity of policy, although some change of style is likely, particularly in terms of less obsession with security measures. Ernesto Geisel, for instance, has the public image of being politically somewhat more liberal than Médici. Thus a Geisel administration might lift some of the present restrictions on the body politic. That might include such measures as easing censorship, and possibly establishing a meaningful dialogue with the legislature and modifying the terms of some of the extraordinary legislation such as Institutional Act No. 5. Although it is not envisaged that within the next few years the executive, and ultimately the military establishment, would relinquish control over the decision-making process, these actions would be preliminary steps towards a gradual political "opening."

4. As in any society, there are counter-forces which, if they grew in an unbridled fashion, could lead to a different outcome. There are those who seek to turn Brazil's nationalism away from a cooperative stance toward the United States, advocating instead courses tying the nation primarily to other world groupings, or to an inward-looking system less compatible with our views on a desirable world structure. In their present eclipse, these forces tend to be disregarded, but they retain nevertheless a considerable potential. The pattern of our present relationships with Brazil has helped to contain them; this pattern not only must be retained but further improved.

5. Assuming that political stability will be maintained, the prospects for sustained economic progress in the coming few years are very good. The international business community continues to look confidently upon Brazil as a prime investment opportunity, and international lending agencies as well as governments are likely to remain sources of investment capital of substantial magnitude. Brazil's firm commitment to private enterprise as the motor of development is unlikely, under anticipated conditions, to alter, and foreign investment will continue to be important as a means of growth. If, therefore, the successor regime permits the same degree of pragmatic and imaginative use of the tools of government which has characterized the *Médici* period, Brazil should register a continued high rate of economic growth, and prospects for the United States to benefit through mutually advantageous trade are most promising if we are able to maintain our competitive position.

6. It is clear that at the present time Brazil considers its friendly relations with the United States to be the cornerstone of its policy, and that situation will remain for the foreseeable future. Brazil is a growing power with strong policies based first on its national interest, but reaching out for regional and in some degree world leadership. It sees its future intertwined with that of the United States, and this fact will, in my judgement, render it possible for our bilateral relationships to continue on a mutually satisfactory basis.

7. We have been successful in the past few years in finding acceptable solutions to virtually all of the bilateral issues which have arisen. This success has been attained by a pragmatic approach and a willingness to find means to achieve agreement in practice, even in cases where differences in principle must be preserved by the respective parties. Of the remaining disagreements, international commodity agreements and the Law of the Seas are the most troublesome. It is significant that the more difficult problems require action largely in multilateral fora. To the extent to which aspects of these problems can be resolved on a bilateral basis, this has so far been done with relative ease.

8. A number of actions of the Brazilian Government in the recent past have been sources of particular gratification, but none more so than decisions of the Brazilian military leadership to strengthen relations with the United States in every practicable way. Thus President *Médici* recently approved the procurement by the Brazilian Air Force of F–5 aircraft, not only because of financial and technical considerations but also, importantly, because of the political decision that military ties with the United States are of great importance. Similar decisions with respect to helicopters and other important military equipment have signified a decline in the bitter resentment by Brazilian

military leaders of what they considered to be an earlier unreasonable and paternalistic attitude on the part of the United States with respect to sales of military equipment, an attitude which had caused them to turn primarily to European sources of supply.

9. There are, of course, important discussions and negotiations ahead in which we will be seeking Brazilian support on such matters as international monetary reform, multilateral trade relations, the future of the OAS, the Law of the Seas, and others. The atmosphere for these negotiations and discussions is good, and thus also are the prospects for at least some degree of success. Beyond that, we must pursue and tailor our programs in this country in a manner designed to reinforce the base of solid human relations which underlies and gives warmth and force to our excellent bilateral relations. In this way we hope that as Brazil matures and gains strength, it will continue to be one of our closest and warmest friends, and an asset in an area of particular importance to us. So long as Brazil, with half the land area and population of South America, and with a high percentage of the resources of the continent, acts along present lines, we can proceed with an otherwise impossible degree of confidence in the future of the area.

Rountree

89. Letter From President Nixon to Brazilian President Médici¹

Washington, July 14, 1973.

Dear Mr. President:

Secretary Rogers has given me a full report of his conversation with you during his visit to Brazil this May. It is gratifying to know that the close and cooperative relations between our two nations remain as strong as ever.

As Secretary Rogers told you, one of the major objectives of my Government continues to be the maintenance and strengthening of peace in Vietnam. During the past six months important progress has been made in achieving that goal, which I regard as essential in order that the Vietnamese people may determine peacefully their political future and that stability and development may flourish in all of Indochina.

A vitally important element in the maintenance of peace is effective international supervision of the cease-fire in Vietnam and of other provisions of the January 27 Agreement and its Protocols. As you are aware, this function has been performed by the International Commission of Control and Supervision, composed of Indonesia, Canada, Hungary and Poland. Although the ICCS has been beset by many problems during the initial stages of its operations, it has made steady progress toward fulfilling its duties and, I am convinced, has played a most valuable role in assuring implementation of the peace agreement.

As you know, Canada, after nearly twenty years of involvement in cease-fire supervision in Indochina, has decided to terminate its participation in the ICCS at the end of this month. I believe that it is essential that the ICCS continue its important functions and that, to enable it to do so, Canada be replaced by another country which has the will and capability to help supervise the peace in Vietnam. After

¹ Summary: Nixon asked Médici if Brazil would send peacekeeping troops to Vietnam as part of the International Commission of Control and Supervision.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 749, Presidential Correspondence, President of Brazil Emilio Garrastazu Médici. Secret. Kissinger sent the letter to Nixon on July 16, under cover of a memorandum in which he informed the President that a letter from him to Médici would greatly improve the prospects of a favorable Brazilian reply. Although the memorandum of conversation between Rogers and Médici has not been found, Rogers briefed Nixon on his May 23 conversation with Médici in a May 29 meeting. (Conversation Between President Nixon and Secretary Rogers, May 29; *ibid.*, White House Tapes, Cabinet Room, Conversation No. 124–3) On July 24, Médici informed Nixon that because some of the members of the ICCS were not upholding its mission, and its members had been subjected to attacks, he declined the President's offer. (*Ibid.*, NSC Files, Box 749, Presidential Correspondence, President of Brazil Emilio Garrastazu Médici)

extensive consideration of this matter, including consultations with the South Vietnamese and Indonesian Governments, we have concluded that Brazil would be admirably qualified to take Canada's place in the ICCS. I would therefore deeply appreciate your Government's giving this matter its most serious consideration. If, as I hope will be the case, you should reach an affirmative decision, we would proceed to consult with the North Vietnamese Government prior to extending to your Government a formal invitation.

I realize that an undertaking of this nature involves many factors, including burdens on your country's resources. Basically, about 300 of your citizens—perhaps 75 percent military and 25 percent civilians—would be involved in the ICCS operations. Minister Stanley M. Cleveland, my Chargé d'Affaires, whom I have asked to deliver this letter, can provide you with additional information regarding the personnel, logistical and financial aspects of this undertaking.

I regard this letter, Mr. President, as a continuation of the frank and fruitful dialogue we have maintained in the past regarding our responsibilities toward the world community. I believe the effective implementation of the peace agreements we have finally worked out in Vietnam is highly important to world peace and stability. Mindful of Brazil's long tradition of participation in international peace-keeping efforts, I earnestly hope your Government will join in the effort to see that the peace agreements succeed in Vietnam.

With warmest personal regards.

Sincerely,

Richard Nixon

90. Memorandum From William J. Jorden of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, September 13, 1973.

SUBJECT

Brazilian Views on Chile

It seems clear that we and the Brazilians are moving on a parallel track concerning Chile. The attached memo is based on [*less than 1 line not declassified*] a talk with Marcos Cortes, Special Assistant to Foreign Minister Gibson Barboza. The latter apparently authorized the contact. The main points were:

1) Brazil expects an early request from the new Chilean Government for economic, and possibly other, assistance. This probably would mean help in restoring essential services and in providing a better food supply for the Chilean people.

2) The Brazilians are disposed to honor such a request one way or another.

3) Brazil expects similar requests to be made to the US.

4) Discreet coordination between Washington and Brasília could avoid duplication and assure that aid goes in the right amounts to the right places.

5) Brazil is prepared to use this channel [*less than 1 line not declassified*] for communications on this subject if we wish.

6) [*2½ lines not declassified*]

As you know, we have instructed our Ambassador, John Crimmins, to deliver roughly the same message to the Brazilians through Foreign Minister Gibson Barboza. He was unable to do so yesterday because

¹ Summary: Jorden informed Kissinger that with discreet coordination, Washington and Brasília could rationalize the process of distributing assistance to the new Chilean Government. The Department instructed Crimmins to meet with Foreign Minister Gibson Barboza to discuss the matter.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 772, Country Files, Latin America, Brazil, Vol. 4, 1973–1974. Secret; Sensitive; Eyes Only; Completely Outside the System. Sent for action. The attached memorandum, entitled [*title not declassified*] is not published. Scowcroft approved the recommendation for Kissinger. On September 14, Kissinger, [*text not declassified*] stated, "We appreciated very much the message conveyed through him from Foreign Minister Gibson Barboza. Our Ambassador will be discussing this matter with the Foreign Minister and indeed may already have done so. We believe the Minister and the Ambassador should determine the manner and level of further contacts on this subject." The message was to be cleared by Crimmins before it was relayed to Cortés. (Ibid.)

he was in Rio on business. He may have delivered the message today (no firm word yet) or will certainly do so tomorrow.

In my judgment, it would be better to handle this exchange on the Ambassador-Foreign Minister level. Both understand the problems and subtleties. If we use the lower level contact, it would mean both parties constantly having to go to higher authority for guidance, instructions, etc. Thus, I think we should go back through this channel informing Mr. Cortes that we appreciate very much the message he conveyed. Our Ambassador will be discussing this with the Foreign Minister and we believe the two of them should determine the level and manner of further contacts on this subject.

Recommendation:

That you approve sending a message to Brasília [*less than 1 line not declassified*] for delivery to Mr. Cortes along the above lines, accompanied by instructions to the Ambassador informing him of our preference that he handle the matter personally unless he sees advantages in doing otherwise.

91. Telegram 184123 From the Department of State to the Embassy in Brazil¹

Washington, September 15, 1973, 1727Z.

184123. Subject: Consultation on Chile.

1. With regard to your meeting with ForMin Gibson Barboza, you may wish to draw on the following:

¹ Summary: The Department informed Crimmins that he could raise with Gibson Barboza the issue of diplomatic recognition of the new Chilean Government, as well as the attitudes of Chile's neighbors toward it, the future of the new regime, and U.S. assistance.

Source: National Archives, RG 59, Central Foreign Policy File, P850027-1631. Secret; Flash; Eyes Only. Drafted by Devos, cleared by Bowdler, approved by Kubisch. In telegram 182529 to São Paulo, September 13, the Department instructed Ambassador Crimmins to deliver a *démarche* to Gibson Barboza on Chile. (*Ibid.*, Nixon Presidential Materials, NSC Files, Box 772, Country Files, Latin America, Brazil, Vol. 4, 1973-1974) On September 14, Cortés informed [*text not declassified*] that Gibson Barboza would probably raise the following issues: the diplomatic recognition of, attitudes in the region toward, and the future form of the Chilean regime. Also, Cortés stated that Gibson Barboza might inquire about the Chilean regime's requests for assistance. (Department of State, INR/IL Historical Files, Box 19, Brasília 1973-1980) No record of the Crimmins-Gibson Barboza meeting has been found.

(A) Recognition question—We do not wish to approach the question of relations with the new government in the context of recognition per se. During the past several years, the practice has been to avoid seeming to give either “approval” or “disapproval” of new governments. Thus, we do not wish to give emphasis to any public act of “recognition” of the new GOC. We have not initiated formal contacts with the GOC, but we do have informal avenues of communication with members of the new government—in due course we expect to take some action which will be a “continuance of relations,” but the final decision as to when and how we will characterize continuation of relations has not yet been made.

(B) Feelings of other govts—We agree with Brazilian assessment that while various governments have made loud pronouncements of sorrow at Allende’s death, and the overthrow by the military, at least some Latin American governments privately harbour more sympathetic sentiments toward the new government than they publicly demonstrate.

(C) Future of GOC—It is still too early to assess the form and philosophy of the new regime. While it has called for a national effort of reconciliation, it has not yet defined itself further and it may be some time before it does begin to evolve a political and economic philosophy. There is no evidence to date to suggest that the military will relinquish control in the near future.

(D) Request for assistance—The USG has not rpt not received any formal request for assistance. We have, nevertheless, received informal approaches on possible assistance such as medical supplies, foodstuffs, and some military items previously in the discussion or pipeline stage. We are carefully examining our position with regard to all types of assistance and, while our presumption at present is that we will be as helpful and cooperative as we are able to and appropriately can, we have not made any final decisions as yet.

Rush

92. Memorandum of Conversation¹

New York, September 26, 1973, 10–11 a.m.

PARTICIPANTS

Secretary of State Kissinger
Brazilian Minister of Foreign Affairs Mario Gibson Alves Barboza
Brazilian Ambassador to United States Joao Augusto de Araujo Castro
Brazilian Ambassador to United Nations Sergio A. Frazao
William J. Jorden, NSC Staff (Latin American Affairs)

SUBJECT

Conversation with Brazilian Foreign Minister

The Secretary welcomed the Brazilian Foreign Minister and his colleagues. The Minister congratulated the Secretary on his new assignment and wished him well in his new responsibilities. He said Brazil's interest was in part selfish because "your success will be our success."

The Secretary thanked the Minister and noted that Brazil is the only country in Latin America he has visited except Mexico. He said that beyond the importance of close personal relations between the leaders or our two countries, close relations between our two countries were absolutely essential to the state of Latin America. He said that he was very eager to establish the closest possible relations. He said he believed that until now our communications had been quite close, but he wanted to make sure they remained that way.

The Brazilian Minister noted that our contacts had always been exceedingly close and he too hoped that they would continue that way.

The Secretary said that he thought the Minister would like our new Ambassador (John Crimmins).

Gibson Barboza said that the Ambassador was a "good man" and that he and the Ambassador were friends. He noted that the new Ambassador was very knowledgeable about the situation in Brazil. He was looking forward, he said, to very close relations with him. He said he had already had several extensive talks with the Ambassador. As to the overall situation in U.S.-Brazil relations, he said that he saw "no real problems" at the moment.

At this point, Ambassador Araujo Castro started to say something, but the Secretary interrupted him to tell the Minister that his Ambassa-

¹ Summary: Kissinger and Gibson Barboza discussed regional issues and Brazil's growing role in world affairs.

Source: National Archives, RG 59, Central Files 1970–73, POL BRAZ–US. Secret; Exdis. The meeting took place at the U.S. Mission to the United Nations.

dor “has not been scolding me lately.” He indicated that this was a pleasant change.

Turning back to the Minister, the Secretary said: “Let’s say this; if something gets bogged down between us, please get in touch with me directly and if it’s humanly possible we will get it done.” He noted that he continued in his position as Assistant to the President and that might help expedite action when it was needed.

Gibson Barboza thanked the Secretary very much. He said he would take advantage of the offer but only when it was absolutely necessary. Referring to overall relations, he noted that, of course, there was a difference in our roles in the world as a result of “our relative weight.”

The Secretary noted that that situation is changing. He said that in 25 years we would be close to equals.

The Brazilian Minister said that was possible, but that, of course, the whole world was changing. He admitted that it might be true that “we are a bit more ahead of some others.” The Secretary said he thought the situation was changing faster than that. He predicted that over the next 25 years Brazil would become a super power; he said that the country was on its way to being a major power today.

Gibson Barboza said that “as we see it” Brazil is called on to share more responsibility. He said his country was now planning a larger role in world affairs. He said there was an “expression called Latin America” but that there were tremendous variations and differences among the countries in the Hemisphere. He said that over the years it had been Brazil’s position to recognize those differences. He referred to the situation in Chile and underlined the necessity for the United States and Brazil to cooperate on this and many other matters.

The Secretary said that he supported Chile and Brazil’s position. He noted that we faced different domestic situations in dealing with such matters. He said it had become customary that when an anti-U.S. government was overthrown, we have to “apologize for it.” He noted that we had sent in emergency medical supplies and that we would be offering economic assistance. But, he said, we would try to keep our actions at a low key.

Ambassador Araujo Castro repeated the necessity for close cooperation.

The Secretary pointed out that “those who don’t like us” generally end up attacking not only us but our friends as well. For example, he pointed out that the Russians had been oppressing intellectuals for the past fifty years, but intellectuals in the United States never made an issue of this. They are doing so now because the Soviet Union is becoming more friendly with the United States Government.

The Secretary said that we understood that Brazil would be conducting its own policy. We recognize, he said, that you don't want to do it through us or anyone else. We will occasionally mention problems to you, if you permit us to, but this will be done in a spirit of working together, not trying to tell Brazil what to do.

Gibson Barboza said he wanted to explain something. He referred to the Chilean request for helmets and flares, which we had conveyed to Brazil. You asked if you should tell the Chileans, he said, and we said "no." It would have meant your acting through us, and we felt it was better for us to deal directly. We believe that that is better for you and for us. He pointed out that the Chileans have in fact come directly to them in the last few days with a request for the helmets and flares and Brazil had agreed to provide them.

The Secretary asked Jorden what the status of this was. Jorden told the Secretary that we had met the Chilean request and that the material had already been sent. He said it looked as though Chile would get a double order.

The Brazilians said that they would check from their end, and if the request had already been met they would not duplicate it.

The Secretary urged the Brazilian Foreign Minister not to let his colleagues get confused by what we had to testify to in public. The Minister said the Brazilians understood completely.

The Secretary said that he had told the Brazilian Ambassador several years ago that we would "like to do more in Latin America." How can we get your views, he asked, on what we should do? I told the Ambassador four years ago, he said, and now we are ready to do it. He said he wanted the Brazilians' advice and pointed out that we have not asked anybody else about this matter.

Gibson Barboza said he felt that efforts to develop some kind of overall policy toward Latin America had failed. He said the continent was very much diversified and any policy had to take those differences into consideration. We would, of course, appreciate an overall Latin American policy that was effective, he said.

The Secretary said he was thinking of sending someone he trusted—perhaps former Secretary of Commerce Peterson—to a few key countries in Latin America. He would then expect Peterson to make recommendations to him regarding new policy approaches.

The Brazilian Minister said he thought that would be all right. But it would be necessary to avoid simply "getting another report." He thought it might be good especially if the mission kept a very low profile. He urged that it receive as little publicity as possible. Otherwise, he said, it would raise expectations too high.

The Secretary said he did not have in mind any "huge affair" like the Rockefeller mission of 1969. He was thinking of a very small

group—Peterson and perhaps Assistant Secretary Kubisch and one or two others.

The Brazilian Minister said that this overall approach could never be a substitute for bilateral dealings.

The Secretary said he understood. He said that our relations with Brazil were most important and a quite separate matter. He pointed out, as an example of what he was thinking, that there was a question of our relations with Argentina. We would like to get Brazil's views on the new government and our respective relations with it.

The Brazilian Minister pointed out that the Perón government was sending invitations to all countries to send special missions to attend the coming inauguration of the President.

The Secretary said that the Argentines seemed eager for him to go to Buenos Aires for this purpose. He said he didn't think he could; but if the Brazilians considered it extraordinarily important, he would look at it again.

Gibson Barboza said that speaking personally, he was discarding the idea of his going himself.

The Secretary said that if Gibson Barboza didn't go, then he would not go either. The Brazilian Minister said that this was something that he intended to talk with his President about before making a final decision.

Gibson Barboza noted that at the last inauguration of their President (Campora last May) Brazil had sent the President of its Congress. The Secretary said we had sent Secretary Rogers.

Gibson Barboza said he understood that our representative did not get to the ceremony in time because of a traffic jam.

The Secretary asked what Brazil's estimate was should something happen to Perón. Would his wife succeed him?

The Brazilian Minister said that "in my opinion" Mrs. Perón would never succeed her husband. He said he considered that there were several possibilities: (1) another Peronist leader would take power; or (2) there would be an armed coup d'état. On the latter, he pointed out that the Argentine army right now was "bashful." He noted that they had left power apologizing for their failures. He said we have seen in Argentina just the reverse of what we have in Brazil. "We started with Goulart", he said, "and ended with the Army. In Argentina, they started with the Army and ended with a Goulart."

The Brazilian Minister said he understood that Perón is a very sick man. He said we had to think of his not finishing his term of office.

The Secretary said we had information that Perón had a heart problem. Gibson Barboza noted that he also has cancer. He is a tired man. He can't bear the full strain of the office.

The Secretary noted that the Argentines were eager to have an emissary see him in advance of the meeting next week with the Foreign Minister.

Gibson Barboza said Argentina's problem was how to introduce and apply a very hostile economic policy. He said that they would have to freeze wages and other spending and take other belt-tightening measures.

The Secretary said that on matters like this we are prepared to have the closest consultations.

Gibson Barboza thanked the Secretary very much. He said that "since you are mentioning specific points" he wanted to raise the question of Cuba. He said he was convinced that Cuba was no longer a foreign policy problem but rather an internal problem for individual countries. He said Brazil felt that Cuba was certainly no threat to them. They bother us, he said, because they still support subversion and export revolution. But, he added, Cuba is basically an internal problem.

The Secretary asked whether this problem could be eased by our relaxing pressures along the lines of the Venezuela initiative.

The Foreign Minister pointed out that Venezuela had the problem of early Presidential elections. He said that all the candidates were seeking support from the left. He said that they seem to think that an opening to Cuba could bring them left wing support. He said that Cuba had urged Venezuela to try to bypass the Rio Treaty and use the OAS council for a decision.

The Secretary asked what Brazil's view was.

Gibson Barboza said that he felt Venezuela was not going to press the matter as a result of the change in Chile. He said he thought that now they had ten votes instead of twelve and that "they were discouraged."

The Secretary said that, on Cuba, our policy is: we are not planning any move on Cuba. There will be no "secret trips." There will be no meetings. If we change our policy—which we are not planning to do—we will consult with you, he said. He said the President's inclination was not to change our policy. But, he added, if you tell us we should, we will consider it.

The Brazilian Foreign Minister said that some governments in Latin America were afraid the United States was going to move. The Secretary asked how we could dispel that impression. Gibson Barboza said that "you should tell them." He mentioned the governments of Colombia, Venezuela, Uruguay, and others.

The Secretary asked if Brazil would maintain its position. Gibson Barboza replied "absolutely."

Ambassador Frazao raised the problem of Chile in the United Nations. He said that Cuba was pushing it very hard. He thought it

important for the United States to let other governments know its position. The Secretary said that we would take “a very tough stand.” The Ambassador said he hoped the Chilean Minister of Foreign Affairs would come to the UN session to explain his government’s position.

The Secretary said we would be tough. We will not accept any condemnation of Chile. He said we needed Brazil’s support. Minister Gibson Barboza said we would have “unqualified support” from Brazil.

The Secretary pointed out the differences between the Cuban situation and China, which many people were trying to describe as similar. He pointed out that Cuba was a very small island, but it is in the Caribbean; China, he said, is very far away. But Cuba and what it does has an effect on Latin America. He said he could assure the Brazilians there would be no “spectacular initiative” on Cuba.

Gibson Barboza said his government sees no change in the Cuban situation. He said that they had no idea of changing policy. If Brazil ever did, he said, we would let you know first. He added that it was important that the United States tell others in the hemisphere where we stand on this matter. He said there were some who were not inclined to move toward Cuba, but who worried about being “surprised.” He said none of them wants to be in a position of recognizing Cuba after the United States.

The Secretary thought that perhaps he should send a message to all our Ambassadors in the Hemisphere restating our position on Cuba, but putting it in an overall description of our Latin American policy, not as an isolated matter.

Ambassador Frazao said that perhaps the Secretary should “do it here.” He said the position we take in the next few weeks would be important. The Secretary said that the United States would maintain the position taken by Ambassador Scali last week. We will take a strong stand against Cuba, he said.

The Foreign Minister referred to the OAS and pointed out that the position of the United States has been to wait and see what others do. That, he said, was the impression that Brazil and others had. He thought it was important for the United States to take a strong and clearer position.

Ambassador Frazao pointed out that in Latin American consultative bodies in the UN, Cuba had come in with the votes of the Central American governments. This had been a surprise.

The Secretary said we would watch this carefully. He pointed out that he had not always been able to follow such details (like the OAS debates) while in the White House.

Gibson Barboza referred to the Special Committee on Reform of the OAS Charter of the Rio Treaty. At the last meeting of the OAS, he

said, we had to fight very hard to resist the trend toward weakening the Charter. He said that we had to stand by the principles of self-determination and non-intervention.

The Secretary said he was trying to think through this whole problem and the OAS. Before we can make up our minds, he said, we need your thoughts and ideas. How do we best make any changes that are necessary?

Gibson Barboza said we could consult closely on this either through Ambassador Araujo Castro here or through the U.S. Ambassador in Brasília. The Secretary said that we should consult very soon.

The Secretary then raised the initiative of the Mexican President to have some kind of a meeting of Western Hemisphere leaders in Mexico in an informal setting. Gibson Barboza said he thought this was "not a great idea." The Secretary agreed that there were many problems associated with this subject. The Secretary mentioned the possibility of his making a trip to Brazil next year. The Foreign Minister said he would be most welcome.

(The Secretary turned to Jorden at this point and asked him to arrange for the State Department to prepare a working paper for him on the Rio Treaty and the OAS situation.) He told the Foreign Minister that after he had had a chance to study the details, they could talk further.

The Brazilians raised the matter of the meeting of leaders of the armies of the Western Hemisphere in Caracas some two weeks ago. Gibson Barboza noted that it was the first time in such meetings that political elements had been introduced. He said that there was a severe difference on ideological grounds. He said the central development was that the dangers of communism in Latin America had been replaced by imperialism and economic aggression as dangers. He said that Peru had led the way and had been supported by Argentina, Venezuela, Colombia and others. He noted that the U.S. Army representatives had taken a very low profile and had not worked to oppose this trend.

At this point the Secretary noted that he was already late for his next meeting and he asked to be excused.

Farewells were exchanged, and the Brazilian party left the office.

93. Telegram 217488 From the Department of State to the Embassy in Brazil¹

Washington, November 4, 1973, 0356Z.

217488. Subj: Consultations with Brazil. Ref: Brasília 7372. For Ambassador Crimmins.

1. We have carefully considered your thoughts expressed reftel concerning an apparent feeling of dissatisfaction by the GOB with the state of our consultations. We share that concern and had been becoming somewhat uneasy ourselves even before arrival of your telegram. The somewhat reserved reception given our first approach on Chile and what seemed to us to be a rather perfunctory reply to Secretary Kissinger's personal letter to Gibson Barboza bringing Gibson up to date on what had happened in New York during the latter's absence and requesting Gibson's advice regarding attendance at the Bogota Foreign Ministers' meeting made us wonder if something was going wrong. We are perhaps more aware of this here because of the contrast between Gibson Barboza's response to Secretary Kissinger's request for advice on attending the Bogota Foreign Ministers' conference and those received from Mexico and Argentina which were lengthy, warm and personal messages containing carefully considered and thoughtful comments.

2. In view of the importance which all of us in USG give to especially close relations with the Brazilians, we want to make sure that the dialogue does not suffer from lack of initiative or input from our side. We appreciate your specific suggestions for provision of various additional materials. We are looking at what is available, which may not already have been sent to you, and will forward as much as possible of the instructions and memoranda concerning decisions and attitudes in the three or four areas of particular interest to your consultations, i.e., restructuring the OAS, Argentina, Cuba and Chile. In this connection we are also assembling a review of the steps we have taken to

¹ Summary: Thanking the Ambassador for his suggestions, the Department suggested possible approaches he could use to improve the dialogue with Brazil.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 772, Country Files, Latin America, Brazil, Vol. 4, 1973–1974. Secret; Immediate; Nodis. Drafted by Bowdler, approved by Kubisch and Eagleburger. In telegram 7372 from Brasília, October 29, Crimmins reported that the Brazilian Government was dubious that the United States really desired a special relationship with Brazil. Crimmins recommended close policy coordination between Brasília and Washington on regional issues, in particular on Chile. (Ibid., RG 59, Central Foreign Policy File, P840121–2657) The Kissinger-Gibson Barboza correspondence has not been found.

date, or are in process, to assist the Chilean Government to be sure that you are fully apprised of them when you meet with Gibson Barboza.

3. We will also undertake a more energetic campaign with Ambassador Araujo Castro and his Embassy staff here in Washington to share with them more fully some of the concerns and considerations which are governing our actions as we move through the problems of the hemisphere.

4. Your suggestion to Gibson Barboza for a follow-up on the New York meeting with Secretary Kissinger seems to us to provide another basis to strengthen the consultation process. You can explain to Gibson that in part as a result of his advice, the Secretary decided not to proceed at this time with his idea for a special mission to Latin America to make recommendations for new policy approaches. The Secretary did ask on that occasion for the GOB's thoughts on our approach to Latin America and we are still interested in the response to that question. We are proceeding here with a review of our relations with Latin America, including restructuring of the OAS. Because Gibson Barboza will not be present at Bogota and his views will not be reflected there, we will be interested to know in a private way what his views are in this matter. Indeed, we are interested in his views on the wide range of subjects of mutual interest and are hopeful you will be able to obtain them.

5. We hope these considerations will be helpful to you and urge that you continue to share with us your thoughts on the progress of our consultations with the GOB.

Kissinger

94. Telegram 440 From the Embassy in Brazil to the Department of State¹

Brasília, January 18, 1974, 1910Z.

440. Subject: Election of General Geisel—Embassy Comment. Ref: Brasília 421 (Notal).

1. The “anti-campaign” of the opposition MDB party “anti-candidate” Ulysses Guimarães may have had its touch of cynicism, but this was in perfect keeping with the “non-event” of the election of General Geisel.

2. In a country with some democratic tradition, whose government claims legitimacy based on the will of the people, the rubber-stamping exercise which characterized the “election” of Brazil’s next President can only be called a charade. What makes this non-event even sadder for the sympathetic observer was, on one hand, the smug self-satisfaction and hypocrisy of those who ran the show—the government apparatus supported by the so-called majority political party, and, on the other hand, the almost complete apathy of the public. Few people in Brasília took cognizance of a national “election” in their midst. Were it not for newspaper headlines and TV, there would have been no public acknowledgment of the event. The only positive aspect of the exercise was that it was peaceful and orderly, an accomplishment of considerable note since achievement of non-violent succession is one of the more problematical aspects of authoritarian regimes.

3. It is obvious that along with the remarkable accomplishments of the Médici government in the economic field and in the areas of national integration and security during the last five years, it did not permit a return to representative government—as it had promised—and thus the present election represented its most notable political failure. There is, at this point, no concrete indication to the observer of the Brazilian scene that the return of democratic institutions—representative government, habeas corpus, civil liberties, absence of censorship—is other than a rhetorical objective of the new administration.

4. The mood among politicians and intellectuals is gloomy—with good reason. Columnist Castello Branco claims that this is at least in part their own fault (see reftel). The gloom is intensified by the total

¹ Summary: The Embassy commented on the election of Geisel as President, noting that the return to representative government promised by the Médici regime had not taken place.

Source: National Archives, RG 59, Central Foreign Policy File, [no film number]. Confidential; Priority. Repeated to Buenos Aires, Caracas, Montevideo, Santiago, Recife, Rio de Janeiro, and São Paulo.

absence at this writing of any ray of knowledge on anyone's part—except Geisel's—as to who will be in the new administration, what the new administration will do, how it will act. With the exception of the heavily censored *Estado de São Paulo* and surprisingly the gutsy—or foolish—*Journal de Brasília*, the reaction in the daily press has been expectedly sycophantic.

5. This telegram does not address itself to the much more profound question as to whether democracy can exist in Brazil at this stage in its history and whether it is a good thing for Brazil. The only point we wish to make is that it doesn't exist now in spite of all pretenses and trappings by the government to the contrary. One of the major questions which the Médici administration did not answer and which the new Geisel administration may have to address, at some time during its term of office, is how can this government continue to base its legitimacy on the popular will when it refuses to permit the popular will to be expressed or exercised. President Geisel might have to face the alternatives of either permitting some political opening or of finding another source for his government's legitimacy.

Tuch

95. Draft Telegram From the President's Deputy Assistant for National Security Affairs (Scowcroft) to Secretary of State Kissinger¹

Washington, February 27, 1974.

SUBJECT

Countervailing Duty Investigation Announcement—Brazil

Shultz is determined to announce a countervailing duty investigation on footwear from Brazil this week. He wants you to realize that [he]

¹ Summary: In light of Shultz's preparations to announce a countervailing duty investigation regarding Brazilian footwear, Scowcroft presented to Kissinger options for minimizing damage to bilateral ties between the United States and Brazil.

Source: Ford Library, National Security Adviser, Scowcroft Daily Work Files, Box 6, 2/19–28/74. Secret; Sensitive. Kissinger was in Jerusalem February 27–28. On February 20, Kissinger, in a conversation with Gibson Barboza in Mexico City, stated that he would do the best he could to delay the application of countervailing duties on Brazilian footwear. (Telegram 1556 from Mexico, February 22; National Archives, RG 59, Central Foreign Policy File, [no film number])

is not announcing formal proceedings, but only starting the information gathering process which he believes goes a long way towards being as consistent as he can with what you told the Brazilian Foreign Minister. Kubisch and Hennessy have explained to Shultz the progress you made with the Brazilian Foreign Minister, but Shultz feels he must move ahead and that he has quasi-judicial authority in this field. He believes it is essential to take a concrete public action before hearings on the trade bill start next Monday. Shultz' position is a strong one, since we are seeking more flexible countervailing duty authority and the Brazilian shoe case is a clear-cut instance of an export subsidy. You should also be [1½ lines not declassified] and Treasury is not, therefore, overly impressed by the commitment the outgoing Foreign Minister gave you.

At our request, Shultz agreed to delay his action from February 28 to March 1 to give you a chance to decide how to proceed. Nothing but your personal intervention could hope to change Shultz' position.

There are essentially three choices:

First, let Shultz go ahead on Friday. If this is done, Kubisch will arrange to have our Ambassador talk with the Brazilian Foreign Minister in advance. He would emphasize that our domestic situation and the importance to all Latin America and Brazil of the over-all trade bill including preferences require action now on footwear which is a domestic issue. Moreover, he would stress that this is only an investigation and there will be time to find a mutually satisfactory solution with the new government while the investigation proceeds.

Second, you could send a message to Shultz explaining your commitment to the Brazilian Foreign Minister, noting the poor timing so soon after your multilateral and bilateral commitment in Mexico and suggesting that we make clear to the Congress our intention to move quickly on the matter with the new Brazilian Government after March 15.

Third, you could send a strong message to Shultz urging delay on the organized investigation for overriding foreign policy reasons and indicating that this issue is sufficiently important that the decision between our Latin American foreign policy interests and our domestic and trade bill interest can be made only by the President.

We have discussed these options in detail with Jack Kubisch who agrees that they are the alternatives and believes you should make another try with Shultz along the lines of option two. Kubisch says he has done everything he can with Treasury. Our feeling is that there is probably no way Shultz can be headed off and that simply starting an investigation of the facts can be explained to the

Brazilians as outlined above. Therefore, we would recommend either of the first two options.

As a footnote, you should be aware that Shultz also has on his desk a similar investigation on Colombian cut flowers. We believe we can get him to delay action for at least a few days while the issue is discussed with the Colombians for the first time.

Warm regards.

96. Action Memorandum From the Assistant Secretary of State for Inter-American Affairs (Kubisch) to Secretary of State Kissinger¹

Washington, March 6, 1974.

Brazil: Possible Countervailing Duties on Shoes

As we discussed last night, an announcement by the Treasury Department of a countervailing duty proceeding on Brazilian shoes is scheduled to be made on Friday of this week. This action, of course, is contrary to your understanding with Brazilian Foreign Minister Gibson Barboza.

You asked that I prepare, on a contingency basis, a letter from you to Gibson Barboza explaining the Treasury decision, but to hold it for 24 hours because you expected to discuss this with Secretary Shultz once again, along with a similar action Treasury is proposing to take on cut fresh flowers from Colombia.

¹ Summary: Because the Department of the Treasury was scheduled to announce a countervailing duty proceeding on Brazilian shoes, and the duty contradicted an understanding between Kissinger and Foreign Minister Gibson Barboza, Kubisch had a letter drafted to explain the Treasury's decision.

Source: National Archives, RG 59, Central Foreign Policy File, P850150-1169. Confidential; Exdis. Drafted by Kubisch. Attached is the draft of a telegram to Gibson Barboza, not published. A handwritten note indicates it was sent on March 7. Telegram 45677 to Brasilia, March 7, transmitted a letter from Kissinger to Gibson Barboza informing the Foreign Minister that Shultz would make the announcement March 8. (National Archives, RG 59, Central Foreign Policy File, [no film number]) On March 7, Ambassador Crimmins delivered Kissinger's letter. Gibson Barboza informed Crimmins of his displeasure regarding the decision and the short notice given Brazil, and he questioned whether the United States and Brazil shared a "special relationship." Crimmins responded that the U.S. Government had been requesting countervailing duty discussions since September 1973, but the Brazilians had not agreed. (Telegram 1572 from Brasilia, March 7; *ibid.*, P740141-0350)

Recommendation:

That you authorize the attached telegram to Gibson Barboza if Secretary Shultz was unwilling to reconsider or defer the Treasury action.

97. Telegram 1850 From the Embassy in Brazil to the Department of State¹

Brasília, March 19, 1974, 1348Z.

1850. Subj: The Interregnum: Signs of Reopening.

Begin summary. The January 15–March 15 period was marked by mounting discussion of signs of a possible political opening in the Geisel administration. One early alleged portent, ARENA President Portella's designation to coordinate the choice of candidates with the party's bases, came a cropper. Other signs were more durable: Professor Huntington's visit to Rio, during which he met with Geisel intimate General Golbery, added "decompression" to the local political lexicon. Meetings between Geisel administration representatives and church leaders left the latter guardedly hopeful of an improvement in church-state relations and of new political directions under the Geisel administration. The appointment to the Cabinet of three politicians also fueled hopes for a broader decision-making base, with Falcao taking the lead on public statements on dialogue. Against the consequent rising expectations the new President will have to consider potential resistance within the Armed Forces to such changes. The conflict seems certain to be a source of difficulty for the new administration no matter how cautiously it moves. End summary.

1. The two-month period between Geisel's January 15 election and his inauguration on March 15 was a kind of interregnum marked by growing speculation and discussion, much of it public, about possible new directions in the Geisel administration. One starting point was the idea that, having scored unarguable successes in the economic,

¹ Summary: Crimmins discussed the prospects for political liberalization in Brazil. He concluded it would be a continuing source of difficulty for the Geisel administration.

Source: National Archives, RG 59, Central Foreign Policy File, [no film number]. Confidential. Repeated to Rio de Janeiro, São Paulo, and Recife. In airgram A–24, February 16, the Embassy summarized Huntington's discussions of "decompression" in Brazil. (Ibid., P740012–0462) In telegram 3722, May 25, the Embassy concluded that the Geisel administration, despite backsliding in a few areas, continued to pursue political liberalization. (Ibid., D740132–0519)

financial, and administrative fields, notable (although criticized) achievements in the social field, and having virtually eliminated the threat of subversion or widespread disorder, the revolution of 1964 could now turn its attention to the political sector. Perhaps a more basic impulse was the revolution's long-evident concern with its legitimacy, a concern which has led it to ponder possible means of institutionalizing its power through normal and democratically based political structures without seeing its achievements frittered away and Brazil weakened by "unscrupulous and self-seeking" politicians misleading a "politically unsophisticated" mass.

2. During the period various terms were used for what is alleged to be in the offing, including institutionalization, national reconciliation, reopening, and (the current favorite) decompression. ARENA President Petronio Portella, presumably loath to entertain pejorative implications about the process to date, preferred to speak more vaguely—and perhaps more accurately—of a "new style."

3. In fact, Portella himself has figured in one of the developments which first gave rise to the discussion, the so-called Portella mission. This calls for him, at Geisel's direction, to tour the country, meeting with local ARENA leaders to seek unified and cohesive party support at the regional, local, and even grassroots level, for the strongest possible candidates for the gubernatorial and congressional elections later this year. Press commentary approvingly contrasted Portella's (and ARENA's) apparently influential role with that of his predecessor Rondon Pacheco, who in 1970 carried out a mission identical in purpose but empty of content because the candidates were, as everyone knew, actually picked by the top echelons of the government itself. Subsequently it was publicly intimated that in key states, Geisel would make the choice directly. As March 15 approached public comment became increasingly skeptical of any significant difference between the two missions. In fact, according to Paulo Affonso, Secretary General of the Presidency of the Chamber of Deputies, the names to be presented to Geisel are to be selected by Geisel's chief advisor, General Golbery, and Minister of Justice Armando Falcao (see below); and one alleged selection, that of Paulo Egidio Martins for São Paulo, has already been reported in the press.

4. Portella also announced that as a sign of the heightened prestige and influence to be enjoyed henceforth by the legislative branch, congressmen would be invited to participate in discussions with governmental technicians while projected legislation was still in its formative stages. While some, including the independent *Jornal do Brasil*, reacted favorably to the idea, others perceived the vitiation of the true legislative role that could result, and considerable criticism ensued. Both Portella and the *Jornal* stuck to their guns, however, and as an appar-

ently well-intended effort to foster executive-legislative consultation and dialogue, the proposal may still bear some fruit.

5. The visit to Rio in early February of Harvard Professor Samuel Huntington also contributed to discussion of “decompression”—Huntington’s term. As reported in Rio’s A–24 of February 16, 1974, Huntington met with various officials on the Geisel team, including Golbery, who was interested in identifying safe means of accomplishing decompression. While “decompression” quickly caught on as the fashionable term in political circles, media discussion was slight. Those who did comment—*Jornal do Brasil*, columnist Carlos Castello Branco, and the bi-weekly *Vissao*—agreed on the central thesis that decompression must be gradual, and that too rapid a rate risks a corresponding backlash in reaction (“recompression”). All three comments took more or less for granted that some decompression was in prospect. The *Jornal*’s lengthy editorial praised Huntington’s views and declared, “there can be no political development without a political conscience which must always be updated by foreign and Brazilian scholars.” Castello Branco felt the situation at the end of the Médici regime was really “political stagnation aided by the anesthesia of administrative and economic success.”

6. Also heralded, although cautiously, as a sign of reopening was the February 19 meeting between Cardinal Paulo Evaristo Arns and General Golbery. Initially more guarded in their expectations than official church statements suggested, Cardinal Arns and other members of the hierarchy appear, according to ConGen São Paulo, to have renewed their optimism that there will be significant improvement under Geisel—not only in church-state relations but also in terms of a broader political opening. The ConGen continues, “Golbery is reported to have told the Cardinal not to expect any institutional changes during the first year of the Geisel administration beyond the initiation of a more open political dialogue. Without being specific, however, Golbery reportedly led the Cardinal to expect greater liberalization of the system during Geisel’s second year in office, particularly in the area of political rights and civil liberties. Our church sources believe that the monthly contacts which have taken place in recent months between military officers representing General Geisel and representatives of the CNBB will not only continue but will gradually shape into a more meaningful dialogue of concrete ways to solve outstanding problems between church and state. We have been told that church authorities around the country are almost uniformly optimistic about the prospects for an improvement in relations and that even Dom Helder Camara is reserving judgment.”

7. According to ConGen Rio, “Limited broadening of the decision-making base, the lifting of prior censorship of the newspapers, and the

ending of interrogations and the torture of subversives are among the revelations" made to church leaders by Geisel administration representatives. "Church leaders, while pleased with these assurances, have explained that an informal church-state accord containing an across-the-board church endorsement of the administration that the continuing dialogue will help dispel the atmosphere of confrontation which existed between the church and past military governments." [sic] The ConGen comments, "The revelations by Geisel representatives as to the new directions of the incoming administration have not been made exclusively to the church leadership. Our checks with local political leaders and top newspaper editors indicate that they too have received the same message from Golbery, his lieutenants, or even from Geisel himself."

8. The naming of three politicians to the Geisel Cabinet further added to discussion of a new opening to the political sector. Aware that Ney Braga is a former army officer and Arnaldo Prieto is free of the taint of pre-1964 political prominence, comment centered on "old pol" Armando Falcao and his anticipated role as Minister of Justice. The idea in this case was that Falcao would use his extraordinary capacity for adaptation and his redoubtable general political talents and experience to establish a dialogue between the government and the press, church, and Congress. According to an Embassy source, Geisel himself instructed Falcao to this effect, and "sources close to Falcao" have been cited as declaring these sectors to be his principal target areas. Falcao himself vowed to "fill the halls of the Ministry of Justice with cassocks and longhairs." Some of the comment, however, also took due account of Falcao's well-established regard for law and order. Nevertheless, pointed out the news-weekly *Veja*, the portfolios given the politicians in the Cabinet—Justice, Education and Culture, and Labor—"were precisely those sectors in which the revolution intervened most drastically. Thus, they are the areas which need professional conciliators."

9. Since then, various Congressmen have spoken enthusiastically to Embassy officers about Falcao's capacities and the new administration's intentions. Since his meeting with Golbery—which was arranged by Falcao—Chamber President Flavio Marcilio, who has been pushing for reform but was previously privately skeptical that any real opening would take place, appears now to be sincerely hopeful. Other Congressmen, including even radical MDB Autentico Marcos Freire, have spoken to Embassy officers in similar terms, and a substantial crowd of Congressmen went to the airport to welcome Falcao upon his arrival in Brasília.

10. Comment: Some of the assertions about the extent of the "decompression" have been fatuous, even ridiculous. For example, the

possibility that Falcao would accept the offer of an interim office in the former Chamber of Deputies in Rio was cited as a further instance of increased ties between the executive and legislative branches. The evidence seems unmistakable, however, of a genuine intention on the part of the new administration to establish a dialogue with heretofore disaffected (the church, intellectuals, students) or largely disregarded (Congress, the political class) sectors. It is a measure of how hungry for attention and a sense of participation the latter have been that they should be reacting as favorably as they are to the prospect of what may be only occasional conversation. MDB leaders during the two-month period have shown considerably greater restraint than their ARENA colleagues, doubtless a reflection of their electoral interests as well as their ideological inclinations. Thus we find Marcos Freire's recent (March 15) remarks most interesting.

11. There has been some discussion of even more significant changes, e.g., the elimination of IA-5, or alternatively its (whole or partial) incorporation into the constitution, thus eradicating its "exceptional" condition. We do not anticipate, however, that the revolution will divest itself of its principal tools, or move at any but an extremely gradual and measured pace. The establishment of a dialogue—should it come to pass—should nevertheless not be downgraded. The engagement of politicians, intellectuals, and the church in serious discussions, which are seen by these groups to have some influence on the course of government, could have an important decompressing effect.

12. No matter how gradually or carefully carried out, however, decompression seems certain to be a continuing source of difficulty for the Geisel administration. According to congressional sources, Falcao and Golbery are to be the principal agents within the government, the former to conduct the dialogue and the latter to keep the Armed Forces in line. Each runs some risk: Falcao, now enjoying a wave of good feeling, will by the same token be an obvious target if expectations are not met; Golbery's unenviable task will be all the harder for the fact that he is a controversial man among his colleagues, who consider him "tainted" with founding the National Intelligence Service, accepting a cheap appointment to the Accounts Court, and heading (in Brazil) the "multinational" Dow Chemical Company. Military officers will be keeping a close watch on the three politicians in the Cabinet, and some officers are already upset by the signs of tinkering with a model they consider too successful to require alteration, particularly for the sake of gratifying priests and politicians. For an example of hardline views, see IR 6 809 0176 74 of March 15, 1974.

13. The potential for serious conflict within the administration is clear. Celio Borja, the intelligent, highly respected ARENA Deputy whose appointment as Chamber Majority Leader was hailed as another

portent of dialogue and increased congressional prestige, has pointed out another potentially troublesome element: 1974 is an election year in Brazil, tempting ARENA and MDB candidates alike toward the kinds of statements and actions that will tend to confirm the worst fears harbored within still important sectors of the Armed Forces.

Crimmins

98. Telegram 1640 From the Embassy in Chile to the Department of State and the Embassy in Brazil¹

Santiago, April 2, 1974, 1432Z.

1640. Subj: Geisel-Shultz Meeting.

1. Following is report of meeting between President Geisel and Secretary Shultz approved by Assistant Secretary Hennessy.

2. Summary: In a positive, cordial 35-minute conversation, President Geisel and Secretary Shultz concentrated on the petroleum question and its ramifications. President Geisel stressed Brazil's vulnerability in petroleum and the consequent dependence on Arab attitudes. There was mutual agreement on the importance of US-Brazil cooperation and collaboration on other issues of common concern. The President noted that there would be many opportunities for discussion of mutual problems and the search for solutions to them.

3. During the conversation, Foreign Minister Silveira was with President Geisel. Ambassador Crimmins and Assistant Secretary Hennessy accompanied Secretary Shultz.

4. After an initial exchange of amenities, Secretary Shultz said that President Nixon had requested him to extend to President Geisel his cordial greetings, his best wishes for success and his special thanks for the very warm reception accorded Mrs. Nixon. President Geisel replied that he and Brazil had been honored by Mrs. Nixon's visit, not only because of her own qualities but also because her coming had been an act of friendship and special courtesy on the part of President Nixon.

¹ Summary: President Geisel and Secretary Shultz discussed the effects of higher oil prices on Brazil. Geisel noted that Brazil was dependent on imports of oil for about 80 percent of its consumption and that Brazil had increased exports in order to earn foreign exchange to pay for oil.

Source: National Archives, RG 59, Central Foreign Policy File, D740073-0337. Confidential; Priority. Also sent to Rio de Janeiro and São Paulo.

President Geisel said that in his administration the continuation and strengthening of the friendship between Brazil and the United States would be a special concern, and he asked that Secretary Shultz transmit that desire to President Nixon. Saying that he would be delighted to do so, Secretary Shultz noted that President Nixon, who had high respect for Brazil, fully reciprocated President Geisel's sentiments.

5. In response to Secretary Shultz's observation that the importance of Brazil to the United States was illustrated by the fact that Brazil was one of our most important trading partners, President Geisel pointed out that Brazil had to expand its exports because of the need to compensate for the increased costs of imported oil. Secretary Shultz stated that Brazil and the United States had a common interest in seeing a drop in oil prices. President Geisel expressed doubt about the prospects for such a decrease and went on to say that, if it were not for the Brazilian hydroelectric availabilities, the consequences of the oil crisis would be much more severe for Brazil. Secretary Shultz observed that high prices were of course stimulating very strong action to develop new and additional sources of energy through intensified exploitation and research. President Geisel commented that that kind of development would take five to ten years and a great deal of resources: meanwhile, the effects of high prices would be severe. Secretary Shultz replied that he believed that oil prices next year would be at an appreciably lower level. After President Geisel said that he hoped the Secretary was right, the Secretary noted that we had found that the consumption rate of petroleum thus far in 1974 was eight per cent lower than had been expected. Continuing, he pointed out that, if production levels in the Middle East picked up to the pre-September levels, there would be a considerable excess of supply over demand, with consequent downward pressure on prices.

6. Secretary Shultz, referring to President Geisel's earlier reference to strengthening ties, stated that the petroleum question was an example of issues in which Brazil and the US had a stake in common. He went on to say that he had found many situations in international forums in which the two countries had a coincidence of interests. Thus, he pointed out, mutual support was possible in international settings. President Geisel agreed and asked Foreign Minister Silveira to take careful note.

7. Returning to the oil question, President Geisel said there was a substantial difference in the relative effects of the crisis on Brazil and the United States, with Brazil being dependent on imports for about eighty per cent of its requirements and the United States being almost self-sufficient. Petroleum, the President asserted was Brazil's greatest vulnerability, and because of that fact, Brazilian policy in this sector was very dependent on the Arab countries' attitudes. Emphasizing this point, the President said that without oil Brazil would stop.

8. The Secretary said that he understood the President's points. He stated that, because the United States was less vulnerable, it should take the lead as he had done in Venezuela, even though some of his comments may not have been popular. In elaboration, the Secretary pointed out that the problems faced by the poorest countries as a result of the oil crisis were stunning and heartrending. Although the United States and Brazil can get along with the situation, he said, many others cannot, and we have felt obliged to keep stressing this to the oil producers.

9. President Geisel expressed the opinion that many other factors were also present, notably the political factor. The Arabs, he commented, were using oil as a weapon—the only weapon they had—against the world. He explained that when he said that he was not justifying the Arab attitude, simply acknowledging it as a fact. The President noted that Brazil was not involved in the Arab-Israeli conflict but was certainly suffering its effects. Secretary Shultz stated that, although the oil weapon was being used by the Arabs principally against the US, they really had done us a favor by waking us up while we were still basically self-sufficient; if the crisis had occurred three or four years later, we would have been much more dependent on imported oil.

10. President Geisel said that he wanted to note, by way of an observation, that the United States may not have suffered the direct effects of the crisis so seriously as many others, but it was suffering indirectly as a result of the series of consequences arising from the effects on countries linked to the United States, like the Western European nations and Brazil. The Secretary agreed that all countries were paying high prices and that the problem was great for everyone. President Geisel concluded the discussion on oil by saying that the short term would be difficult but he hoped that the issue will be resolved over the long run. The Secretary said that it would undoubtedly be solved.

11. The Secretary then recalled that Finance Minister Simonsen—whom he described as a hard bargainer—and he would be at the IDB meeting in Santiago together. The Secretary stated his belief that they would find many issues at the meeting on which the US and Brazil could work together in a cooperative and positive way, as had been the case in the MFM in Mexico City. He noted that several such matters had been identified in the useful and constructive meeting he had just had with the Finance Minister. The President replied that there would be many opportunities in the coming days to discuss mutual problems and seek mutually acceptable solutions. The President commented that Minister Simonsen was a young, open and capable man; the Secretary added that he was also dynamic.

12. The meeting concluded with the President expressing regret that the Secretary could spend so little time in Brazil on this visit and

urging him to return to get to know Rio, São Paulo and other parts of the country.

Popper

99. **Memorandum From Director of Central Intelligence Colby to Secretary of State Kissinger¹**

Washington, April 11, 1974.

SUBJECT

Decision by Brazilian President Ernesto Geisel To Continue the Summary Execution of Dangerous Subversives Under Certain Conditions

1. *[1 paragraph (7 lines) not declassified]*

2. On 30 March 1974, Brazilian President Ernesto Geisel met with General Milton Tavares de Souza (called General Milton) and General Confucio Danton de Paula Avelino, respectively the outgoing and incoming chiefs of the Army Intelligence Center (CIE). Also present was General Joao Baptista Figueiredo, Chief of the Brazilian National Intelligence Service (SNI).

3. General Milton, who did most of the talking, outlined the work of the CIE against the internal subversive target during the administration of former President Emilio Garrastazu Médici. He emphasized that Brazil cannot ignore the subversive and terrorist threat, and he said that extra-legal methods should continue to be employed against dangerous subversives. In this regard, General Milton said that about 104 persons in this category had been summarily executed by the CIE during the past year or so. Figueiredo supported this policy and urged its continuance.

4. The President, who commented on the seriousness and potentially prejudicial aspects of this policy, said that he wanted to ponder the matter during the weekend before arriving at any decision on

¹ Summary: Colby reported that President Geisel planned to continue Médici's policy of using extra legal means against subversives but would limit executions to the most dangerous subversives and terrorists.

Source: Central Intelligence Agency, Office of the Director of Central Intelligence, Job 80M01048A: Subject Files, Box 1, Folder 29: B–10: Brazil. Secret; *[handling restriction not declassified]*. According to a stamped notation, David H. Blee signed for Colby. Drafted by Phillips, *[names not declassified]* on April 9. The line for the concurrence of the Deputy Director for Operations is blank.

whether it should continue. On 1 April, President Geisel told General Figueiredo that the policy should continue, but that great care should be taken to make certain that only dangerous subversives were executed. The President and General Figueiredo agreed that when the CIE apprehends a person who might fall into this category, the CIE chief will consult with General Figueiredo, whose approval must be given before the person is executed. The President and General Figueiredo also agreed that the CIE is to devote almost its entire effort to internal subversion, and that the overall CIE effort is to be coordinated by General Figueiredo.

5. [1 paragraph (12½ lines) not declassified]

6. A copy of this memorandum is being made available to the Assistant Secretary of State for Inter-American Affairs. [1½ lines not declassified] No further distribution is being made.

W.E. Colby

100. Telegram 82931 From the Department of State to the Embassy in Brazil¹

Washington, April 23, 1974, 2316Z.

82931. Subject: Conversations Between Secretary and Foreign Minister Silveira. For Ambassador Crimmins.

Summary: The Secretary met with Brazilian Foreign Minister da Silveira twice prior to the commencement of the Washington meeting of Foreign Ministers. At the first meeting on April 16 Ambassador Araujo Castro and Assistant Secretary Kubisch were present. At the

¹ Summary: Kissinger and Silveira discussed countervailing duties and Brazil's foreign policy.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 772, Country Files, Latin America, Brazil, Vol. 4, 1973–1974. Confidential; Immediate; Exdis. Drafted by Watson and cleared by Bowdler and Schwab. Silveira was in Washington for the Foreign Ministers meetings April 17–18. In telegram 75824 to Brasília, April 13, the Department transmitted to the Embassy a letter from Kissinger to Silveira in which Kissinger said he supported setting up working groups or preparatory commissions on science and technology, resources transfer, and possibly on problems of foreign investment. (Ibid., RG 59, Central Foreign Policy File, P840114–2591) In telegram 2533 from Brasília, April 15, Crimmins reported on his conversation with Silveira, in which they discussed Brazil's regional policy, including relations with Peru, Chile, Argentina, and Cuba. (Ibid., Nixon Presidential Materials, NSC Files, Box 772, Country Files, Latin America, Brazil, Vol. 4, 1973–1974)

second meeting the following day Brazilian Ambassador to the OAS Maciel was also present.

Both the Foreign Minister and the Secretary stressed the importance of close relations and frequent consultations on a broad range of issues. Although he expressed concern over the issue of countervailing duties on shoes, Silveira said he was satisfied with the results of Secretary Shultz's recent visit. He urged the US not to take any further measures prejudicial to Brazil.

The Foreign Minister said the GOB would pay more attention to its relations with other Latin American countries and would try to harmonize its interests with theirs. He indicated that the GOB would be less rigid on the Cuba issue, but would not renew relations with Cuba for the time being.

Silveira said the PRC had indicated a desire for relations with Brazil, but that, although Brazil was interested in increasing trade with China, the establishment of relations would be a very gradual process. He indicated that Brazil would maintain a lower profile on the Portuguese-Africa issue and noted that Brazil's Middle East policy was a function of its dependence on Arab petroleum suppliers.

The Foreign Minister said Brazil was opposed to the idea of inviting Cuba to the next MFM and would support US efforts to avoid having this issue considered at the Washington meeting. He said that the Argentine subsidiaries issue was between the US and Argentina and did not concern Brazil. Brazil expected US subsidiaries in Brazil to obey Brazilian laws, he added. Silveira said Brazil did not want the OAS to undergo major reform, only updating. He was wary of allowing OAS sanctions to be lifted by a simple majority vote. End summary.

1. Foreign Minister Silveira told the Secretary that President Geisel wants the best possible relations with the United States. Silveira added that the GOB believes that Brazil has a special relationship with the United States and he hoped the United States shared this belief. Silveira said that Brazil did not want praise from the United States because praise merely transfers responsibility without benefits. The Secretary replied that he understood that Brazil did not want formal praise or recognition from the United States. Later he added that he understood that in order for a Latin American country to be accepted in Latin America, it must express its independence from the US. The Secretary said that we consider Brazil to be the new country in Latin America, although our relations with Argentina and Mexico are also important. He said that our problem is how to reconcile the special position of Brazil with our need for good relations with the others.

2. The Secretary asked the Foreign Minister for his views on how the two countries could give expression to their special relationship. Silveira replied that the Secretary and he could have informal consulta-

tions every six months or so at alternate locations. When the Secretary asked how the US could meet with Brazil and not with other Latin American nations in view of Brazil's reluctance to be publicly praised or singled out by the United States, Silveira said that Brazil could accept this kind of praise because it would consist of acts not merely words. The Secretary suggested that consultations could take place at all levels of government on a broad range of topics including issues being considered in international forums, such as population and LOS. At the April 17 meeting the Secretary said that he had spoken with the President who had confirmed our desire to have especially close relations with Brazil. He reiterated that these relations could be a *de facto* arrangement without publicity or special praise carried on by meetings between the Secretary and the Foreign Minister twice a year as well as by exchanges at other levels.

3. Silveira described the results of Secretary Shultz's visit as very constructive as far as the GOB was concerned. He added that it is difficult, however, to explain to Brazilian public opinion the issue of the countervailing duty on shoes, especially why the United States is not applying the same regulations to Argentina, Italy, or Spain as it is to Brazil. He recognized that failure to make progress on this issue after January 16 was essentially Brazil's fault, but he added that it was not the fault of the present administration and the US decision to announce the beginning of the formal investigation two days before the Geisel administration took office made the issue look like a challenge to the new administration. The Secretary replied that he understood the problem but that it would have been worse if the U.S. had announced its decision after the Geisel administration had taken office. Silveira agreed but said that it would have been better for the US to have made the announcement in January. He said that the GOB's approach to this issue will be to try to be frank but avoid confrontations. It will seek to harmonize interests. At one point Silveira said the US should refrain from further measures prejudicial to Brazil. Then he reiterated the GOB's satisfaction with Secretary Shultz's visit. He said Shultz had agreed that the two countries should examine Brazil's export incentive system together and that the problem should be discussed in the GATT.

4. Silveira stressed that Brazil must focus more attention on its relations with other Latin American nations and will try to be more creative in handling them. Brazil wants to harmonize its national interests with those of the other Latin American countries and is making progress in that regard. He cited the natural gas agreement with Bolivia as an example. Silveira expressed the belief that in Latin America Brazil can be useful not only to itself but also to the US and added that he hoped the US recognized this.

5. The Foreign Minister said that certain aspects of Brazilian foreign policy would be less rigid than in the past. He specifically said the

GOB would not renew relations with Cuba for the time being, but indicated that the GOB's approach would be somewhat more relaxed on this issue.

6. The Foreign Minister said that Brazil was improving its relations with the PRC. The Chinese Ambassador in Moscow had congratulated President Geisel on his inauguration and indicated that the PRC was interested in establishing diplomatic relations with Brazil. Silveira pointed out that China is Brazil's second largest sugar customer and that Brazil was interested in developing that market. He said, however, that the establishment of relations with China would be a gradual process and that the GOB was not taking any final decision on this issue now.

7. Silveira confirmed that Brazil was gradually changing its position on the question of Portugal and Africa. He said the GOB wants to be realistic but not offensive. He said that the GOB will not try to mediate the differences between Portugal and African nations unless asked to do so specifically by both sides. Silveira noted that the GOB was not going to make any further mention of the concept of an African-Brazilian-Portuguese community.

8. Silveira noted that the basic factor in Brazil's Middle East policy was that Brazil had to import about 700,000 barrels of petroleum a day and that most of this had to come from the Arab states.

9. The Secretary initiated discussion about the Foreign Ministers meeting. He suggested that the result of the conference should be the creation of working groups to consider three or four of the agenda items. He said that he felt frankly that it was a mistake to call such a meeting so soon after the Mexico meeting. He said that although the meeting did not have to be a success it was very important to avoid the impression of serious conflict or failure. In this regard he said it would be most unfortunate if the issue of Cuba, which a number of delegations, particularly Argentina and Mexico, wanted to raise, were to become the focal point of the meeting. Silveira said that Foreign Minister Vignes had told him that he did not want a confrontation over the Cuba issue at this meeting. He wanted merely to express his point of view. The Secretary replied that he had discussed the issue with Vignes and that the issue would be handled in the following fashion: Vignes would express his views, Mexican Foreign Minister Rabasa would suggest that Cuba be invited to the next meeting of Foreign Ministers and the Secretary would then propose that the host country for the next meeting consult with the others on the issue.

10. Silveira said that he would state Brazil's opposition to inviting Cuba to the next meeting of Foreign Ministers. He added that the smaller countries were also opposed and the pressure on the issue seemed to have slackened. Initially, he said, Brazil would stick to the

jurisdictional position. If there was little positive reaction to the positions expressed by Mexico and Argentina, Silveira added, there might be no need for the Secretary to speak to the issue. The Secretary agreed and said that he hoped that the issue could be removed from the meeting without a vote on it. He said he wanted to avoid a situation where the United States was standing alone against the Mexican suggestion.

11. The Secretary said that he understood that Buenos Aires would be the location of the next conference and that he perceived no reason not to have it there. Silveira rejoined that there were three reasons why the next meeting of Foreign Ministers should not be held in Buenos Aires. First, he said, Perón would turn it into a demagogic affair. Second, Perón would be able to pressure the small countries which are otherwise undecided on the Cuba issue. Third, security was a serious problem in Buenos Aires. The Secretary replied that Perón needed the support of the US and Brazil and they can prevent him from turning the meeting into a demagogic affair.

12. The Secretary raised the issue of the US subsidiary companies in Argentina. Silveira replied that the GOB had nothing to do with it. It was a problem between the United States and Argentina. He added that the GOB wanted American firms in Brazil to obey Brazilian laws.

13. On the question of restructuring the OAS Silveira said that the GOB wanted to update the OAS a little, but not to reform it. He specifically suggested that the economic rules be modernized and systematized and stated that the GOB needed US support to oppose the Peruvians on this issue.

14. The Secretary asked Silveira for his views on the idea that sanctions should continue to be voted by a two-thirds majority but could be lifted by a simple majority. Silveira said that this would have to be studied carefully to determine what all the implications would be. He stressed it should not be a public relations move and that we should not give anything away gratis unless it was absolutely necessary.

Kissinger

101. Telegram 90883 From the Department of State to the Embassy in Brazil¹

Washington, May 2, 1974, 2337Z.

90883. Subject: Conversation in Atlanta Between Secretary and Foreign Minister Silveira. Ref: State 0829931. For Ambassador Crimmins.

Summary: The Secretary met with Foreign Minister Silveira during lunch on April 20 in Atlanta. Also present were Ambassador Araujo Castro, Ambassador Maciel, Assistant Secretary Kubisch and Stephen Low of the NSC.

The Foreign Minister agreed with the Secretary that the MFM came out well. They decided to propose Brasília as the site of the meetings of the science and technology working group established at the MFM. In their discussion of bilateral relations the Secretary and the Foreign Minister agreed they should meet twice a year, once in each country. They also agreed that a bilateral commission to consider political, economic and scientific issues would be established. On the question of the countervailing duty on shoes, Silveira implied that he may believe that Secretary Shultz and Finance Minister Simonsen agreed to deal with the specific bilateral issue at the GATT, rather than bilaterally. The Foreign Minister approved of the US decision to grant licenses to the Argentine subsidiaries of American automotive firms.

Silveira described relations between Brazil and several Latin American nations. Among the highlights of these remarks were: Brazil was making progress in its efforts to woo Uruguay from Argentina; the GOB was considering inviting the President of Venezuela to Brazil; that despite Brazil's good relations with Chile, Brazil would not be a major supplier of military equipment to Chile; Brazil was advising Chile and Bolivia separately on the question of Bolivian access to the sea; Brazil would try to improve relations with Peru; Brazil would not recognize Cuba nor support Cuba's attendance at the next MFM. He reiterated his view that the OAS should be simplified but not reformed. End summary.

¹ Summary: Meeting during the OAS General Assembly session in Atlanta, Kissinger and Silveira discussed the possible establishment of a U.S.-Brazil special coordinating mission, trade issues, and Brazil's relations with neighboring countries.

Source: National Archives, RG 59, Central Foreign Policy File, P840114–2579. Confidential; Immediate; Nodis. Drafted by Watson; cleared by Bowdler, Schwab, and Gammon; approved by Eagleburger. In telegram 86800 to Brasília, April 27, the Department transmitted a letter in which Kissinger informed Silveira he supported the idea of setting up a working group to discuss science, technology transfer, and transnational enterprises. (Ibid., P840114–2584)

1. The Secretary and Foreign Minister Silveira agreed that the Washington meeting of Foreign Ministers turned out very well. They discussed the locations for the meetings of the working groups on the transfer of science and technology and on trans-national enterprises which were established at the Washington MFM. The Secretary supported Silveira's proposal that the science and technology working group hold its meetings in Brasilia and suggested that perhaps the trans-national enterprise group could meet in Mexico or Costa Rica.

2. The Secretary said that Brazil and the United States should consult before either nation makes a major move in Latin America. He proposed that he and Silveira get together twice a year, once in Washington and once in Brazil. He asked Silveira for his views as to how the relationship between the two countries should be worked out and suggested that a scientific cooperation commission be established which, *inter alia*, could work on oil shale technology. Silveira replied that they could establish a US-Brazil special coordinating commission such as Brazil has with other countries. He explained that it could deal with economic, political and scientific subjects. The Secretary suggested that topics like the countervailing duty on shoes issue could be handled by the commission. Later in the conversation Silveira again raised the issue of a commission and noted that Brazil already had commissions with Argentina, Chile and Bolivia. He added that if the US agreed to establish one with Brazil, it might also establish one with Argentina. He said the focus of the commission should be political. The Secretary tentatively agreed to the establishment of such a commission which, he said, would include a scientific committee. He promised to write to the Foreign Minister about the idea by the end of May.

3. Silveira said that Secretary Shultz had agreed to negotiate the issue of the countervailing duty on shoes within the GATT. When the Secretary said that there was no problem with this provided Shultz accepted it, Silveira reaffirmed that Shultz had accepted international negotiations on the issue. When the Secretary asked whether Silveira was referring to such things as the definition of subsidies, Silveira replied "yes, you are considering everything as a subsidy." (Comment: Silveira left the impression that he may believe that Secretary Shultz and Finance Minister Simonsen agreed to handle the countervailing duty on shoes at the GATT, whereas in fact they apparently agreed to continue handling the specific issue on a bilateral basis but to discuss the general issue of export subsidies at the GATT.)

4. The Foreign Minister said that he approved of the USG's decision to grant licenses to Argentine subsidiaries of US automobile firms to trade with Cuba. He added that he could not understand why his predecessor had been so strongly opposed to such action.

5. Silveira described Brazil's relations with a number of Latin American countries. He said that Brazil and Argentina were close to agree-

ment on the river issue. He stressed Paraguay's importance to Brazil by noting that Brazil "would even defend" that country. In Uruguay the security situation had improved. He noted that although Uruguay had signed an agreement with Argentina and had been attracted to Argentina, it was "acting better now." The GOB had asked the GOU for an interpretation of the Argentine-Uruguayan agreement, he said. "Even if it is settled," he added, "it will be confused enough so it won't work."

6. The Foreign Minister said the GOB was "watching Colombia and Venezuela." Brazil was thinking of inviting the President of Venezuela to visit Brazil. He noted that Brazil had not had such a visit for a hundred years and that the GOB wanted to create a climate which would make such visits possible. He said Brazil was ready to do many things with Venezuela, but not let it have Guyana.

7. Silveira said that Chile and Brazil had excellent relations, but Brazil was not going to send major supplies of military equipment to Chile. He said Brazil will not encourage Chile to take any action against Peru.

8. The Foreign Minister said that Peru had poor relations with all its neighbors: Bolivia, Chile, and even Brazil. He said that he would try to "enter" Peru and suggested that the fact that both countries had military governments with similar objectives could facilitate his effort. Silveira asserted that it was Velasco's advisors that created most of the problems between Peru and Brazil and added that if Velasco should leave office the situation would change for the better. He said Brazil would try to maintain a dialogue and engage in common ventures with Peru. The Secretary said that he would visit Brazil before Peru so that he could discuss with Silveira US policy toward Peru.

9. The Foreign Minister said that Peru was worried about Bolivia, noting that Peru can veto any concession Chile might make to Bolivia. Assistant Secretary Kubisch explained that the treaty settling the war between Peru and Chile required that Peru be consulted in any disposition of Chilean territory that formerly belonged to Peru and that the President of the United States is the arbitrator of any differences of interpretation. Silveira said that he was advising both Chile and Bolivia privately on the question of access to the sea for Bolivia. Silveira suggested that Chile could grant Bolivia certain "jurisdictions" over a seaport and an access corridor which would be less than full sovereignty. He promised to send the Secretary a paper on this subject. The Secretary asked him to do so.

10. On Cuba Silveira said that in a year or so Brazil would be more flexible, but would not recognize Cuba. He added that for domestic reasons China would be easier to recognize than Cuba. The Secretary asked what Brazil would do if Cuba was present at the next meeting

of Foreign Ministers. Silveira allowed as how it was a difficult problem but told the Secretary the United States would not be forced to make a decision on that matter. He said that the Paraguayan Foreign Minister had told him that he would not attend such a meeting. Silveira added that Chile and Uruguay also would not attend. When the Secretary pressed him again on what the GOB would do, Silveira replied, "nothing. I must be rigid with Cuba, but I'm not going to say so. Our strategy is based on the behavior of Cuba. We are not ready to make concessions." Silveira said that Cuba can only be invited to the next MFM by consensus. When Ambassador Araujo Castro asked what was meant by "consensus", the Secretary replied if Brazil, the US, Paraguay, Uruguay, Chile were against Cuba's attending the next meeting there could be no consensus. The Secretary and the Foreign Minister agreed to remain in close contact on this issue. Silveira said "we will never change our position without consulting with you. We are not ready to make concessions—in words yes—but not actions."

11. Silveira said that whereas others wanted to reform the OAS, he did not see how that could be done. He would just like to simplify it a little. Later he indicated that Brazil would not be out in front in efforts to restructure the OAS or revise the Rio Treaty. He implied that the countries that want the changes will have to fight their own battles.

Rush

102. Telegram 4355 From the Embassy in Brazil to the Department of State¹

Brasília, June 17, 1974, 1230Z.

4355. Dept pass AID. Subject: Ambassador's Assessment of U.S. Security Assistance. Ref: A. State 031505; B. State 083250.

¹ Summary: Crimmins argued for an increase in FMS funding and stressed the importance of U.S. military assistance to Brazil.

Source: National Archives, RG 59, Central Foreign Policy File, D740157-0256. Secret. Repeated to Rio de Janeiro, JCS, OSD (IA/DSAA), and USSOUTHCOM. In telegram 31505 to all American Republic diplomatic posts, March 8, the Department required all ARA posts to provide by June 15 an assessment of the need for U.S. Government security assistance for their respective countries. (Ibid., [no film number]) In telegram 83250 to all diplomatic posts, April 24, the Department outlined its plans for military assistance. Brazil received \$60 million for FMS and \$800,000 for MAP training. (Ibid., D740096-0402)

Summary: Given Brazil's strategic geographic position, its increasing importance in regional and world affairs, and the likelihood that the Brazilian Armed Forces will continue to be the predominant element in its government for at least the next several years, a primary goal of our policy toward Brazil should be the maintenance of the U.S. orientation of the Brazilian Armed Forces, who, in large measure, view Brazil's security and foreign policy interests as being parallel with those of the U.S. The Security Assistance Program provides an essential tool for preserving and increasing our influence. A secondary, but important, consideration in the provision of security assistance to Brazil is the commercial benefit to be derived by the U.S. from sales to Brazil of U.S.-manufactured equipment under FMS credit sales. Finally, it is in our interest to promote the reasonable modernization of the Brazilian Armed Forces both for their possible usefulness in self-defense, international peace keeping operations, and in the case of ASW forces, for their possible contribution to the total force concept. Optimum pursuit of these interests will require higher FMS credit levels for Brazil than indicated by current dollar guidelines both in FY 1975 and the remainder of the planning period. End summary.

1. Brazil occupies half the land area of South America, has a population of over 100 million, and has experienced a period of very rapid and well-managed economic growth since 1968. It has major quantities of natural resources and a large and expanding industrial base. As a result, Brazil exercises considerable influence on its neighbors, and has demonstrated its potential for eventual world power status. Its long coastline parallels strategic sea lines of communication, and its eastern extension is only 1700 miles from the African continent. The Brazilian Armed Forces provide the power base for the current government, as they have for each administration since 1964, and are likely to continue their pivotal political role for the immediately foreseeable future. The Armed Forces therefore are a primary target group in maintenance of U.S. influence with Brazil in support of broad U.S. objectives.

2. Our military relationship with Brazil stems principally from our World War II alliance when Brazilian and U.S. troops fought side by side in Italy. Subsequently, this relationship was developed into what the Brazilian military consider to be a "special tie" with the U.S., through continued use of the joint Brazil-U.S. military and defense commissions, and of U.S. equipment, doctrine, and management and organization techniques. After the 1964 revolution, this relationship continued, but was restricted by two factors: strict limitations on U.S. military sales to Latin America, and the development of the Brazilian Armed Forces into a self-sustaining institution capable of developing its own doctrine, management and training, and supplying a good deal of its own material requirements. As a result of the sales limitations,

some 90 percent of Brazil's foreign military purchases in the period 1966 to 1970 were made from third country sources. Although the past two years have seen an increased share of U.S. supply to Brazil's equipment needs, third country suppliers retain a significant position. We recognize that we cannot base our military relationship on equipment supply and associated logistics support so firmly as we have in the past. As Brazil moves toward the status of a world power, it will tend to reject any form of military relationship that indicates a client status. Our objective should be, rather, to foster a mature, cooperative partnership that depends not so much on assistance in the development of the Brazilian Armed Forces as on the acceptance of mutually perceived strategic goals and a commonality of national interests. But this will be no easy task, and throughout the 1970's and, perhaps, beyond, the readiness of the U.S. to meet reasonable Brazilian equipment needs will continue to be an essential building block for the mature relationship described above.

3. The U.S. delegation, JBUSMC, is the principal U.S. Defense Agency in Brazil for military cooperation between the Armed Forces of the two countries and has, in an additional MAAG role, executed the Security Assistance Program in Brazil. The joint commission, co-equally structured and traditionally established and accepted in Brazil, offers unique benefits to the U.S., and the U.S. delegation role should be strengthened and utilized to realize its full potential in the cooperative partnership sense referred to above. This plus a very active and very effective DAO, working cooperatively, reinforce each other to advantage. (These views have been provided by the Mission to the JCS review of U.S. military policy, programs and presence in Latin America.)

4. The goals of the Security Assistance Program should, therefore, be (a) the maintenance and enhancement of the U.S.-oriented outlook of the Brazilian Armed Forces, (b) promotion of commercial benefits to the U.S. where appropriate, (c) provision of assistance for self defense and possible Brazilian cooperation in international peacekeeping missions, and (d) in so far as a U.S. strategic basis for this exists, enhancement of Brazilian capabilities to take part in a "total force" structure in regard to anti-submarine warfare. Success in moving toward these goals should assist us in deriving military and political benefits from our relationship with Brazil, such as Brazilian cooperation in the solution of international problems (a primary U.S. interest in the Embassy's CASP submission) continued influence with Brazil in her relationship with her neighbors, particularly in the strategic Southern Cone, the possible provision of Brazilian bases, facilities and transit rights in a general emergency involving protracted conventional operations and, under the same circumstances, Brazilian assistance in protecting vital sea lines of communications.

5. In developing our recommendations for the Security Assistance Program for Brazil, we have acted on certain assumptions based on our understanding of current realities and trends in Brazil; that the Armed Forces will continue to exercise major influence in internal politics; that, within budgetary limitations, the Armed Forces will continue to modernize their equipment and organization; that third country suppliers will continue to offer equipment, including that of a sophisticated nature, to Brazil at attractive terms; and that U.S. suppliers will be unable to compete with these terms without the government support that third country suppliers enjoy. The successful sale of F5E and C–130 aircraft to Brazil under FMS credits during 1973 has improved our opportunity for consolidating the U.S. position as the principal foreign military influence over and source of equipment for the Brazilian Armed Forces. During FY 75/76, however, and subject to budgetary limits, the Brazilian Army would like to begin procurement of equipment for a field army air defense system, two armored infantry brigades, and modernization of artillery, engineer and signal units, while the Navy is expected to seek suppliers for both AAW and ASW equipment and will probably decide on a construction program for vessels of the patrol frigate type that could involve expenditures of up to \$500 million. Thus, the U.S. response to Brazilian needs during FY 75/76 will have considerable influence on Brazilian procurement decisions during the planning period.

6. The Security Assistance Program takes on added significance as a policy resource in the light of the phasing-out of the USAID program in Brazil, scheduled for completion in FY 1977. Although this will leave a substantial residual pipeline that will continue to flow to Brazil, no new obligations will be undertaken, and the AID Mission will be reduced to caretaker level. The AID program in Brazil has had significant impact on the social and economic progress of Brazil and, perhaps most important in terms of sustained U.S. influence, has provided training in the U.S. for thousands of Brazilian technicians and managers, members of the influential “technocrat” class, who, to a significant degree, manage the everyday life of Brazil. Particularly in these terms, the USAID program, with its concentration on civilian managers, has had an impact complementary to that exerted by the Security Assistance Program. Although we will continue our efforts to maintain a widespread U.S. orientation among Brazilian technocrats, the end of the AID program here increases the importance of the Security Assistance Program as a vehicle for U.S. influence.

7. We are unable to develop firm figures for economic assistance likely to be granted to Brazil by third countries during FY 75 and the remainder of the planning period. We believe, however, that substantial inflows from third countries are more likely to come in terms of direct

investment, import loans and financial loans rather than concessional assistance. Brazil received \$3.7 billion in capital inflow of this type during CY 1973, and prospects for CY 1974 are for a continued high level of inflows. Brazil maintains a relatively healthy balance of payments, and its debt structure has been improved in recent years. Concessional military assistance has had an insignificant impact on Brazil's balance of payments. Brazil receives substantial aid from multilateral donors such as the World Bank and the IDB. The IDB's 1974-76 loan program for Brazil foresees total possible loans of \$165 million for 1974, and \$421 million for 1975-76, mainly in the fields of agriculture, energy production, education, public health and industry. The IBRD's proposed projects for the next few years in Brazil foresee total possible loans of approximately \$500 million, mainly in the fields of transportation, industry, energy production, and agriculture. Although these figures are probably larger than the actual volume of loans which will be approved, they are indicative of Brazil's capability to absorb major projects, and they put into perspective the government's relatively minor commitment of resources to military procurement.

8. We have no estimate for the scale of third-country military assistance likely to be offered to Brazil in FY 75. If, however, the record of the past few years—which saw, for example, major purchases by Brazil of military aircraft from France and ships from England and Germany—is indicative of the future, third country military suppliers will continue aggressively to pursue major equipment sales to Brazil with the advantage of attractive government-sponsored credit facilities.

9. As represented by the FY 75/79 POM, the Security Assistance Program presented an effective and well-organized package for meeting the priority needs of the Brazilian Armed Forces and maintaining U.S. influence as a supplier. This approved program represented sufficient attention to Navy requirements and Army needs to keep the U.S. in contact with the procurement plans for these services, and provided tentative plans for the sale of F5E aircraft to the Brazilian Air Force. However, the later decision to provide FMS credits for the sale of the F5E over a three-year period, while welcomed by us as a breakthrough in terms of our influence on Brazilian procurement planning, has lessened the effect of both our FY 1974 and 1975 programs on the Brazilian Army and Navy, and has had a similar impact on our planning for these services in the out years. If provision of FMS credits for Brazil during FY 75 is held to the latest guidance level of \$60 million (Ref B), the effect of the F5E sale would be to weaken, with respect to the other Brazilian services, the very momentum generated by the F5E sale. Sales generated by FMS credits during the CASP years 1975/76 are basic to the success of the Brazilian FY 76-80 Security Assistance Program as submitted to the Unified Command. Since the major areas in which

we will meet third-country competition are early purchases of equipment in critical modernization fields, failure to provide adequate FMS credit levels now can adversely influence likely cash and credit sales further into the planning period. A Brazilian decision to purchase U.S. patrol frigates, for example, would have important economic value for the U.S. and substantially improve the position of the U.S. as the predominant source of military equipment for Brazil. The same can be said with respect to the other priority areas such as Army air defense, as outlined in para 5. Procurement of these items from third-country sources, however, would greatly reduce our ability to reestablish and maintain the U.S. as the primary source of military equipment, training and technology for Brazil, and in turn, our ability to fulfill the major goal of maintaining the U.S. orientation of the Armed Forces.

10. We should, therefore, move to consolidate the position we gained through the F5E/C130 sale by providing sufficient additional FMS credit levels to assure the maintenance of existing relationships and the achievement of our objectives. I believe that, as indicated in the Mission’s POM and CASP submissions, FMS credit levels for Brazil along the following lines are necessary:

FY 75	FY76	FY77	FY78	FY79	FY80
\$75M	\$90M	\$90M	\$100M	\$100M	\$100M

We estimate that Brazil’s overall military modernization requirements, as related to the JSOP objective force will involve the expenditure by Brazil of about \$1.5 billion over the next decade. We believe, further, that the Brazilian Armed Forces are firmly committed to carrying out this modernization, and that, subject to an unforeseen drastic slowdown in the national economy, they will do so. Allocation of FMS credit resources at the level recommended above during the planning period will serve U.S. political, commercial and security objectives in Brazil. I recommend that the Department support the Country Team recommendations for FMS credit levels as contained in the Embassy’s FY 75–76 CASP. (It should be noted that in response to a request for specific items in connection with the FY 1974 \$51 million level, the Brazilian Armed Forces requested a total of \$80 million.)

11. Another important element of the Security Assistance Program, though modest in cost, is the training program. The value of the training program to the Brazilian Armed Forces, and to the U.S. effort to maintain influence with them, exceeds its nominal cost of \$800 thousand in grant funds. The program is used in high priority, high impact technical and professional assistance, and demonstrates continuing U.S. interest in, and concern for, the development of the Brazilian military for IS.

The training courses are closely aligned with Brazilian participation in the FMS program and are an effective influence on planning for purchase, operation and maintenance of military equipment. Orientation visits, which bring to the U.S. the cream of the professional military class, have significant professional impact, and moreover, give the trainee an exposure to U.S. Government, culture and political systems. We believe that we should give full value to this important program by raising grant training levels to a minimum of \$1 million annually throughout the planning period. This increase, while it would do no more than compensate to some extent for real losses suffered through inflation, would permit continued efforts on our part to maintaining the U.S. orientation of younger officers of the Armed Forces.

12. To sum up, the U.S. Security Assistance Program in Brazil is an essential tool for our efforts to influence Brazilian policy. The program has been effective in beginning to reestablish the U.S. as a primary source of equipment, training and doctrine for the Brazilian Armed Forces. It is very much in our interest, however, to consolidate and expand our recent gains in the provision of military equipment to Brazil. This will require increased levels of FMS credit and MAP training availability for FY 75 and the remainder of the planning period. I recognize that full pursuit of this goal will raise difficult problems, but I believe we should do all we can to take advantage of the momentum we now enjoy.

Crimmins

103. Telegram 134642 From the Department of State to the Embassy in Brazil¹

Washington, June 22, 1974, 1612Z.

134642. Subject: Letter to the Secretary From Foreign Minister Silveira Concerning Countervailing Duty on Brazilian Shoes.

1. English text of Foreign Minister Silveira's letter to the Secretary delivered June 21 follows:

2. Begin text: My dear Henry, it was with great pleasure that I received your letter dated June 14, 1974. The subjects dealt with in your message are extremely important and will deserve the most careful attention on our part. I hope I shall be in a position to respond to them very soon.

3. Meanwhile, allow me to request your kind attention to a matter of the utmost urgency, related to the investigation now undertaken by the Treasury Department, on the export of Brazilian foot-wear to the American market. In a spirit of cooperation, the Brazilian authorities have agreed to provide pertinent information to the Department of the Treasury and, to that effect, Brazilian officials have participated in two meetings in Washington, D.C., on the technical level.

4. As I had the occasion to stress during our talks in Washington, April last, Brazil attaches the utmost importance to the subject and we cannot accept that it be settled in the light of American sectorial interests through a rigid and automatic interpretation of United States legislation. It is our considered view that the problem involves wider and more comprehensive interests of both Brazil and the United States and that the solution to the problem should be sought through bilateral negotiations, taking into due account the norms and rules of international trade.

¹ Summary: Silveira warned Kissinger that if the U.S. Government applied countervailing duties to Brazilian footwear, it would damage bilateral ties.

Source: National Archives, RG 59, Central Foreign Policy File, D740164–0955. Confidential; Immediate; Stadis; Exdis. Drafted by Watson, cleared by Ballantyne and Kubisch, approved by Eagleburger. On June 6, Silveira wrote to Kissinger on the possibility of setting up a special committee for cooperation between the two countries. (Telegram 125471 to Brasília, June 13; *ibid.*, D740152–0400) On June 13, in a letter to Silveira, Kissinger agreed to regular consultations. (Telegram 125457 to Brasília, June 13; *ibid.*) In a June 21 telephone conversation, Kissinger informed Secretary Simon that “we paid a horrendous price in Brazil” because of the damage to bilateral ties over the duties on shoes. (Department of State, FOIA Electronic Reading Room, Kissinger Transcripts) On June 25, Kissinger informed Silveira that U.S. law required that countervailing duties on shoes be applied. (Telegram 136133 to Brasília, June 25; National Archives, RG 59, Central Foreign Policy File, D740166–1128)

5. During his visit to Brazil and in direct follow-up to the Foreign Ministers' meetings in Tlatelolco and Washington, Ambassador Eberle left it to be understood that a solution might be found in the context of the multilateral trade negotiations, when and if the Trade Reform Act is approved, thus endowing the American administration with a greater margin of discretion in the application of countervailing duties. Unfortunately, as it was felt in the course of the technical meeting which has just taken place in Washington, there are strong indications to the effect that the Treasury Department is determined to act promptly and to immediately impose countervailing duties on the import of Brazilian foot-wear thus ignoring the arguments adduced by the Brazilian exporters and disregarding the information provided by the competent Brazilian authorities.

6. Such an action, on the part of the United States Department of the Treasury, prior to the enactment of new and more enlightened legislation, which will allow the United States to observe the norms and rules of international trade, will affect, it is easy to see, not only the interests of an important sector of our industrial exports but likewise the wider framework of our traditionally cordial relations.

7. Cognizant as I am of your deep-felt interest in strengthening relations between our two countries and of your acute perception of the diplomatic implications of supposedly technical decisions, I decided to submit this question to your direct attention, with the firm hope that a timely intervention of the State Department will insert all this problem into the context of the wider and more permanent interests of the United States of America.

8. In awaiting from you a positive response, at your earliest convenience, I have instructed Ambassador Joao Augusto de Araujo Castro to deliver to you this personal message, to which I attach the utmost urgency and importance. Cordially yours, Antonio Azeredo da Silveira. End text.

9. In presenting the letter to Assistant Secretary Kubisch, Ambassador Araujo Castro stressed the great importance the GOB attached to the countervailing duty issue and said that Silveira would be discussing it with President Geisel today. Araujo Castro said he understood that Treasury felt it had to appear tough on this issue in order for Congress to give it discretionary authority in imposing countervailing duties in the Trade Reform Act. But why did Brazil have to be the object of this toughness? he asked. The US seemed willing to sacrifice relations with some countries over this issue, he said. The decision may be viewed by Treasury as technical or legal but it is a diplomatic problem and its diplomatic effects will be very bad, he said.

10. Econ Counselor Thompson Flores, who accompanied Araujo Castro, noted that the USG through DISC, EXIM, etc. provides some

of the same incentives to US exporters for which it is criticizing Brazil. He added that with the TRA before Congress and discussions taking place in Geneva, the entire issue of export subsidies seemed to be in a period of transition. Consequently, it would seem to be an inappropriate time for the US to impose countervailing duties on Brazilian exports.

11. Kubisch said that he would see that Silveira's letter was brought to the Secretary's attention promptly. He said his understanding was that the Treasury Department was required by law to carry out its enforcement responsibilities, and that Treasury appeared to have no discretion in the matter if a bounty or grant were found to exist. Even so, he continued to hope that with close consultations and good will on both sides, a mutually acceptable solution might yet be found.

12. Portuguese text of Silveira's letter being pouched.

Kissinger

104. Memorandum From the Deputy Director of Central Intelligence (Walters) to the President's Deputy Assistant for National Security Affairs (Scowcroft)¹

Washington, July 25, 1974.

SUBJECT

Brazil

[1 line not declassified] Brazilian National Intelligence Chief, General Figueiredo, [less than 1 line not declassified] and Chief Presidential Advisor, General Golbery. [less than 1 line not declassified] They expressed the following views:

1. Political "decompression" (allowing broader political activity) is an aim of the Government and it is coming. It will be cautious and measured. The opposition and others will have to behave in a responsible manner.

¹ Summary: Walters informed Scowcroft [text not declassified] with Brazilian officials on political and economic matters, and on Brazil's relationship with China, the Soviet Union, Argentina, Cuba, and Portugal.

Source: National Archives, Nixon Presidential Materials, NSC Files, Henry A. Kissinger Office Files, Box 147, Agency and Congressional Files, CIA, Colby, 1974, 2, General Walters. Secret; [handling restriction not declassified].

2. Brazil has realized that the monopoly on oil exploration of Petrobras will not produce new fields. In about a year they will change existing legislation to permit U.S. and West Europeans to participate as only they have the necessary technology. This is a break with a long-standing nationalistic myth and it will take a year to educate young officers and others to accept fundamental need to allow foreign participation in oil prospecting. This is a very big step.

3. Brazilians are moving towards some sort of normalization with Red China. This too will require an educational process to convince young officers of advantages in this course.

4. They are concerned with events in Portugal and their impact in Brazil. Figueiredo believes Spínola is much more of a Naguib than a Nasser. He is, however, more concerned with rightist tendencies of hard-line young officers. 1974 will be a difficult year but Geisel will make it and sailing will be easier thereafter. Golbery agreed with this assessment.

5. Brazil has no intention of changing its policies towards Cuba. If the U.S. is ever forced to change its policies, they hope we will let them know well in advance of any public move on our part.

6. They expressed great concern about situation in Argentina. They hope Mrs. Perón can maintain herself as there is no acceptable alternative to her. She has signalled Brazilians that she would like to come to Brazil. They feel it is premature and would rather wait a while to see if she can hold on to power. The Argentine Armed Forces were inhibited by a "failure complex".

[1 paragraph (6½ lines) not declassified]

Vernon A. Walters
Lieutenant General, USA

105. Telegram 169605 From the Department of State to the Embassy in Brazil¹

Washington, August 3, 1974, 0204Z.

169605. Subject: Letter From the Secretary to the Brazilian Foreign Minister.

1. Please pass the following letter from Secretary Kissinger to Foreign Minister Silveira as soon as possible:

2. Begin text: Dear Antonio: I want to thank you for your letter of June 27 on the subject of exports of Brazilian footwear to the United States and bring you up to date on developments since my letter to you of June 25.

3. The Treasury Department is now in the final stages of analyzing the information gathered by U.S. and Brazilian experts. It will make a determination soon as to the existence of bounties or grants and, if so, what the amount of countervailing duty should be. I understand that Secretary Simon will write to Minister Simonsen regarding the issues in this case.

4. I have continued to discuss with Secretary Simon Brazil's interest in this proceeding. As a result of these discussions, I have reached the conclusion that a political resolution of this problem is not possible for a number of reasons: The pertinent U.S. legislation is mandatory, leaving the Treasury Secretary no discretion to refrain from imposing a duty in the event his investigation uncovers a bounty. Private U.S. commercial interests have resorted to the courts to oblige the executive branch to take appropriate action under this law. Secretary Simon has given his personal, formal commitment to the Senate to uphold and administer this statute in an expeditious manner. Our performance in this regard is being monitored closely by the Congress, and our legislative advisors are convinced that the passage of the Trade Reform Act's provisions dealing with countervailing duties, which would materially improve our ability to deal with this very type of problem, is dependent upon our scrupulous implementation of the present law. Lastly, the

¹ Summary: Secretary Kissinger informed Foreign Minister Silveira that the U.S. Government was obligated by law to impose a countervailing duty on Brazilian footwear. Kissinger suggested the two countries work out their differences at a technical level to prevent the dispute from damaging bilateral ties.

Source: National Archives, RG 59, Central Foreign Policy File, D740211–1163. Confidential; Immediate; Exdis. Drafted by Ballantyne; cleared by Kubisch and Bowdler, and in draft by Knepper, Glitman, Self, and Crawford; approved by Kissinger. In telegram 139040/Tosec 101 to Kissinger in Moscow, June 27, the Department transmitted Silveira's letter which requested that the U.S. Government refrain from applying the duties, noting that Brazilian public opinion would not understand the new duties. (Ibid., D740170–0623)

issue extends beyond U.S.-Brazilian trade relations, involving a number of countries in this hemisphere and in Europe, effectively removing the possibility of an isolated, bilateral political settlement.

5. Under the circumstances, in my judgment, the only profitable course of action at this time is to work together in the technical area in an effort to resolve the immediate problem with the least damage to our bilateral trade and relations. It is a source of satisfaction to me that the technical representatives of our governments are now cooperating to achieve this objective. On my part, I will continue to seek passage of the Trade Reform Act which should help achieve solutions to some of the problems inherent in the countervailing duty law, and, among other things, provide for a system of generalized preferences for imports from developing countries.

6. I appreciate fully the importance of this issue, and that it has implications extending beyond the trade in shoes. I am aware of the vital role export earnings play in Brazil's development strategy and the contribution a dynamic Brazil is making to the stability of the hemisphere. For this reason, I believe, our mutual interests call for continued close cooperation on the technical level regarding this case. Let me assure you that I will continue to give this issue my closest personal attention.

7. With warmest regards, Henry. End text.

Kissinger

106. Summary Memorandum¹

Washington, September 29, 1974, 9:45 a.m.

SUBJECT

Summary of Conversation Between President Ford and Brazilian Foreign Minister Silveira on Sunday, September 29, 1974, at 9:45 a.m. in the Oval Office

PARTICIPANTS

The President
Minister of Brazilian Foreign Affairs Antonio Francisco Azeredo da Silveira
Secretary Kissinger
Brazilian Ambassador Joao Augusto de Araujo Castro
Lieutenant General Brent Scowcroft

The first part of the meeting was an exchange of information about Brazil, in which the high professional quality of Brazil's military forces and foreign service was noted. Foreign Minister Silveira said he hoped that President Ford would come to Brazil some day, and the President said he would like to see more of Latin America, including Brazil. The President spoke highly of Brazil's development program and control of inflation.

There was an exchange of comments about the situation in the Middle East, in which both sides noted their efforts to impress upon the Arabs the importance of a responsible position.

The discussion turned to Cuba. Castro's recent strongly anti-United States speech was noted. Both sides noted that Castro's behavior could affect their vote at the Quito Rio Pact meeting. The Foreign Minister and the President said that a suspension of OAS sanctions would not automatically entail a lifting of each country's own embargo on Cuban contacts. Both expressed the concern about appearing to yield to Cuba.

President Ford agreed to mention in the public statement following the meeting how impressed he was with Brazil's economic progress.

¹ Summary: President Ford and Foreign Minister Silveira discussed OAS sanctions on Cuba and Brazil's economic progress.

Source: Ford Library, National Security Adviser, Memoranda of Conversations, Box 6, September 29, 1974, Ford, Kissinger, Brazilian Foreign Minister Silveira. Secret; Nodis. The meeting was held in the Oval Office. The full memorandum of conversation is *ibid*. According to the President's Daily Diary, the meeting lasted until 10:40 a.m. (*Ibid.*, White House Central Files, President's Daily Diary) Silveira was in Washington for bilateral discussions after attending the UN General Assembly in New York. On November 12, Kissinger told Ford that the Brazilians would probably abstain in the OAS vote to lift sanctions on Cuba: "They [the Brazilians] are slightly more hard line than us, but they don't want to be left behind. State had been for voting for, but I straightened that out." (*Ibid.*, National Security Adviser, Memoranda of Conversations, Box 7, November 12, 1974, Ford, Kissinger)

107. Telegram 226024 From the Department of State to the Embassy in Brazil¹

Washington, October 12, 1974, 1932Z.

226024. Subject: Luncheon Meeting Between the Secretary and Brazilian Foreign Minister Silveira, September 28.

Summary: The highlights of the conversation between the Secretary and Foreign Minister Silveira on September 28 were: The Secretary tentatively agreed to visit Brazil in late January; both stressed the need for better communication between our governments concerning the Cuba issue; Brazil tentatively planned to abstain on the Quito resolution vote, the US would vote against or would abstain; Silveira noted Brazil's trade deficit with the US and stressed the importance of increased US investment in Brazil; the Foreign Minister warned that the US was "demoralizing" the human rights issue by politicizing it; Brazil continues to support Sapena Pastor for OAS Secretary General. End summary.

1. The Secretary invited Foreign Minister Silveira to lunch at the Department on September 28. Also present were Ambassador Araujo Castro and Minister Holanda Cavalcanti as well as Assistant Secretary Rogers, Deputy Assistant Secretary Bowdler, Einaudi and Ballantyne. The conversation was wide ranging. The following paragraphs describe the discussions of the principal topics.

2. Secretary's visit to Brazil. It was tentatively agreed that the Secretary would visit Brazil in the second half of January. They mentioned as subjects for discussion at that time: Further bilateral consultations (referred to by Silveira as "our joint commission"), restructuring of the OAS and the incorporation of the meetings of Foreign Ministers into the OAS mechanism.

3. Cuba. Silveira expressed appreciation for the visit by Deputy Assistant Secretary Shlaudeman. The Secretary noted that it was most important for the two governments to keep in touch and not try to out-guess each other. Silveira said that he would never do this but that inasmuch as the US position on Cuba had appeared ambiguous, Brazil felt it had to formulate its position without the US. He insisted that the US should have taken a decisive position on the Cuba issue earlier.

¹ Summary: Secretary Kissinger and Foreign Minister Silveira discussed bilateral issues, petroleum prices, Cuba, and regional policy.

Source: National Archives, RG 59, Central Foreign Policy File, D740291-0954. Secret; Immediate; Exdis. Drafted by Watson; cleared by Ballantyne, Zimmermann, and Bowdler; approved by Eagleburger. Silveira was in Washington for bilateral discussions after attending the UN General Assembly in New York.

The Secretary explained that the US delayed forming its position not only to play for time but also because inasmuch as the US was a leader of the anti-Castro faction, a change of position by the USG would have greater influence than a change of position by other governments. If a change had to be made, it would be easier for the US to follow a majority rather than to try to form a majority. He stressed that the US wanted to stand by Brazil on this issue and that was why he sent Shlaudeman to meet with the GOB.

4. Silveira said he understood that the US had been discussing the Cuba issue with the Mexicans. The Secretary responded that we had had no substantive discussions with the Mexicans on the Cuba issue. We had not authorized the Mexicans to act as our mediator; Rabasa was not our spokesman in Latin America. The Secretary told Silveira to check anything the GOB heard from the Mexicans on this subject with the US before drawing conclusions. Silveira said that he had kept in touch with AmEmbassy Brasília concerning OAS Permanent Council action on Cuba but that the information which it provided was always 48 hours late. He suggested using Ambassador Araujo Castro as the channel of communication on the Cuba issue rather than AmEmbassy Brasília which, he said, was too slow. The Secretary replied that, if Ambassador Araujo Castro needed to see him, he will always receive him, but added that AmEmbassy Brasília should not be faulted for not being aware of policy which had not been formulated pending receipt of Brazilian views.

5. The Secretary said the US would prefer that the Quito meeting not take place at all and that the issue of Cuba sanctions not come up for another year. The status quo was acceptable. He said the US would not vote for the Quito resolution unless Brazil did. He added the US might vote against it even if Brazil should vote in favor of it. We would go no further than to abstain. He stressed that the US wanted to follow Brazil's lead on this question. Silveira said that Brazil planned to abstain, but that if Cuba should attack Brazil, Brazil would vote against the resolution. Brazil, he said, would make a sound and rational evaluation of Cuban behavior before reaching a definitive decision.

6. The Secretary asked Silveira if it were possible to obtain some sort of assurances from Cuba. Silveira asked whether we weren't doing something about this. The Secretary said we were not but that we would welcome messages of assurance from any source. The Secretary denied that Senators Javits and Pell were acting on behalf of the administration. When Silveira suggested that American private enterprise was somehow behind the visit of Senators Javits and Pell to Cuba, the Secretary replied that we knew nothing about any private enterprise involvement and stressed that our economic denial program would

continue. He then asked Silveira what sort of assurances we should try to get. Silveira replied that it would be useful to get assurances that Cuba was not going to intervene in other countries. He added that this was of domestic significance in Brazil where there were groups strongly opposed to recognition of Cuba. The Secretary suggested that Peru (De la Flor) might serve as an intermediary to obtain such assurances. Silveira replied that he would look into the matter and get in touch with the Secretary the following week. (When Ambassador Bowdler met with Araujo Castro on other matters October 5, he asked whether Foreign Minister Silveira had any further thoughts on a possible Peruvian approach to Cuba. Araujo Castro said he had no further word but had the impression that Silveira came out of the meeting with President Ford on September 29 thinking that the President and the Secretary felt that Fidel Castro's speech of September 28 had upset the efforts regarding assurances. He added, however, that this was just his impression and that Silveira had not explicitly spoken to him about this subject.)

7. Bilateral relations. The Foreign Minister said that bilateral relations could not be any better. He implied that the United States could now have confidence in Brazil's ability to face international problems and accept international responsibilities. He had two specific complaints, however. First he complained that the US had not offered support to Brazil during the petroleum crisis. When asked what the US could have done, Silveira suggested that we could have assured that Brazil would have access to petroleum supplies. He said "you know our situation. If there were no petroleum problem, we'd have no development problem in Brazil." His second complaint concerned trade. He said "in our trade balance with the United States last year Brazilian exports grew by only 10 percent while your exports to us increased 200 percent. This year we have done well to increase our exports to the United States by 15 percent while your exports to us are up 100 percent. I am not complaining about this. We do not seek to balance trade bilaterally. I want as much trade as possible between our countries. The problem is that we now have many important projects which oblige us to take options. If you don't induce your investors to be interested, our decisions on these options won't involve US investment and the consequences will be that we are going to move apart. For instance, our biggest aluminum project is now with the Japanese. Afterwards, there may be something with Kaiser and Alcoa as they are coming. But the Japanese project is enormous, 640,000 tons. If we take other options like this it's going to influence our bilateral relations." When the Secretary asked what the US could do, Silveira criticized remarks made by Assistant Secretary Rogers during his confirmation hearings to the effect that the increase in petroleum prices was going

to cause Brazil “terrible” economic problems. Silveira’s apparent implication was that such remarks undercut international confidence in the Brazilian economy.

8. Middle East and petroleum. Silveira said that the only way to deal with the Arabs was to be just about the Middle Eastern conflict and added that Brazil could never be in favor of occupation of territories by force. He warned against mixing the energy crisis with the Israeli-Arab dispute. The Secretary agreed and stated that we had no intentions of linking the two problems. Silveira said that Brazil wanted to be informed of the results of meetings among the petroleum consuming nations. In discussing ways to convince the petroleum producers to lower their prices he suggested the possibility of some compromise on price with an arrangement for the consumers to pay the producers some time in the future. The Secretary assured Silveira that there would be no military intervention in the Middle East by the United States.

9. Human rights. The Foreign Minister warned that the US may be “demoralizing” human rights by making a political issue out of the subject.

10. Coffee. Silveira asked whether the US was in favor of a new coffee agreement or not. The Secretary said he would look into this matter. (See State 216227).

11. OAS Secretary General. Silveira confirmed that Brazil was strongly backing Paraguayan Foreign Minister Sapena Pastor who had 10 certain votes and needed just two more to be elected. He urged the US to support Sapena Pastor. When asked about Mexico’s proposal that the Foreign Minister of the Dominican Republic be chosen the next Secretary General, Silveira said frankly that Mexico knew the Dominican could not win. He characterized the Mexican proposal as a blocking move.

12. Latin American economic bloc. The Foreign Minister was asked for his views on the proposal by Mexican President Echeverria for the formation of a Latin American economic bloc. Silveira described the proposal as unrealistic, explaining that economic problems were global not hemispheric. He characterized Echeverria as eager to be famous, hoping to become the next Secretary General of the United Nations.

13. Argentina. The Foreign Minister said that he thought Mrs. Perón’s position would be eroded by her lack of decisiveness. The Armed Forces although depressed and inefficient were, according to Silveira, Argentina’s only cohesive force, but Silveira refused to predict when the next major change in Argentine politics would occur.

14. Latin American meetings. Silveira was generally noncommittal as to whether Brazil would be represented at the Ayacucho meeting and the proposed meeting of Latin American Presidents in Caracas in July 1975.

15. Peru-Chile. Silveira told the Secretary that Brazil would not support either country's occupying territory by force. He repeated his view that Brazil will have no automatic alignments.

Ingersoll

108. Telegram 279836 From the Department of State to the Embassy in Brazil¹

Washington, December 21, 1974, 2007Z.

279836. Subject: Brazilian Import Restrictions. Ref: (A) Brasília 4685, (B) Brasília 8859, (C) Rio A-151, (D) Rio 4532, (E) Brasília 9036, (F) Geneva 7528.

1. We are increasingly concerned over series of restrictive import measures imposed by Brazil in recent months (Refs A through D) and anticipate raising issue with GOB and in GATT once we have clearer picture of nature and extent of these measures. In general, Brazilian actions appear inconsistent with the spirit of international commitments undertaken in the GATT and IMF to avoid unilateral resort to trade restrictions for balance of payments purposes; some of them may violate specific GATT provisions and bound tariff rates.

2. For example, recently adopted measures regulating public sector imports (Refs B and C) appear to contravene Brazilian obligations under GATT Article XVII (1), subparagraphs B and C, which state inter alia that government enterprises should "act solely in accordance with commercial considerations" in its purchases involving imports. Further, according to reports from Embassy in June (reftel A) new import

¹ Summary: The Department informed the Embassy of its concern over a series of restrictive measures that Brazil placed on imports. The Department instructed the Embassy to transmit a list of products subject to the new restrictions.

Source: National Archives, RG 59, Central Foreign Policy File, D740372-0367. Unclassified; Priority. Drafted by Williams; cleared by Slattery and in STR, USDA/FAS, Commerce, and Treasury; approved by Dunford. Repeated to the UN Mission in Geneva, the EC Mission in Brussels, and to Rio de Janeiro and São Paulo. Telegram 4685 from Brasília, June 26, and telegram 4532 from Rio de Janeiro, December 9, are *ibid.*, D740168-0930 and D740357-0334. In telegram 142, January 7, 1975, the Embassy informed the Department that the import restrictions reported in Rio de Janeiro 4532 were in addition to those reported in Brasília 4685. (*Ibid.*, D750006-0795) In telegram 585 from Brasília, January 22, the Embassy informed the Department that it thought efforts to scale back import restrictions should be directed toward specific commodities or trade provisions that constituted a clear violation of the GATT. The Embassy concluded that across-the-board criticisms risked damaging bilateral relations. (*Ibid.*, D750024-0300)

restrictions/duty increases may affect fresh foods including apples and pears. If so (and this is still unclear to us at this stage) this would constitute impairment of bound concessions. As Embassy is aware, apples and pears presently bound at 37 percent rate, which is scheduled to be reduced to 32 percent once Brazil concludes all GATT Article XXVIII renegotiations.

3. Action: To assist us in developing appropriate course of action re Brazilian measures, Embassy should transmit to Washington and Geneva on priority basis list of products subject to new restrictions and/or duty increases. To extent possible Embassy should also (A) report if any GATT-bound items are affected, (B) ascertain whether exemption of LAFTA items applies to imports from non-LAFTA countries, and (C) determine what time limit, if any, GOB has placed on duration of these measures. Finally, we would appreciate indication from Embassy of relationship between measures reported Brasília 4685 dated June 26 and those mentioned in Rio 4532 of December 9; are measures reported in December same as or in addition to those reported in June?

4. Refs (A) through (E) being repeated to Geneva. Future cables re this subject should also include Geneva as info addressee.

Sisco

109. Telegram 46847 From the Department of State to the Embassy in Brazil¹

Washington, March 3, 1975, 1615Z.

46847. Subject: Approach to GOB on Human Rights. Ref: (A) State 43532 (B) State 094917 [14917].

1. Reftel A requests addressees to assure that the host government is aware of the great interest in the United States in the international promotion of human rights, particularly as noted by the relevant provisions of the Foreign Assistance Act of 1974, which were transmitted by reftel B.

2. The congressional attitude on human rights issues remains as described at January Chiefs of Mission meeting by members of congressional staffs. The Department is continuing to receive a steady flow of inquiries on the general human rights situation in Brazil as well as on specific cases of alleged human rights violations there. For example, Congressman Fraser has just asked whether the Embassy might make inquiries and express concern about the well-being of Ana Rosa Kucinski Silva and her husband. Inquiries of this sort are of course complicated by two factors: First, Minister Falcao's assertion that Wilson Silva's whereabouts are unknown and his wife has no record and is unknown to the authorities and second, the fact that according to our files we have never made direct official inquiries in Brazil regarding anyone who does not have a possible claim to U.S. citizenship. (Of course, in other countries we have inquired about the welfare of non-U.S. citizens.) We would appreciate your comments on Fraser's request. Exchange of correspondence with Fraser being pouched.

3. With reference to para 1, however, we believe that it would be useful for you personally to alert Silveira to the atmosphere on human

¹ Summary: The Department instructed the Embassy to deliver a *démarche* to Foreign Minister Silveira to inform him of congressional concern over human rights abuses.

Source: National Archives, RG 59, Central Foreign Policy File, D750073-1045. Confidential; Immediate. Drafted by Watson; cleared by Zimmerman, Crunyon in L, and Lister; approved by Bowdler. In telegram 14917 to all diplomatic posts, January 22, the Department described Section 502B of the Foreign Assistance Act of 1974, which required the President to reduce or terminate assistance to any government which engaged in a consistent pattern of gross violations of human rights. (Ibid., D750025-0090) In telegram 43532 to all diplomatic posts, February 26, the Department informed posts in countries receiving U.S. security assistance that "human rights factors must, under existing Department of State policy, be carefully considered in planning and carrying out our Security Assistance Programs." (Ibid., D750069-0367) Crimmins raised the cases of Kucinski and Wright in a meeting with Araujo Castro on April 25. (Telegram 7073 from Brasília, August 14; *ibid.*, D750281-0294)

rights here in general and in the Congress in particular. You could cite cases of particular interest such as Paulo Stuart Wright and Ana Rose Kucinski and her husband. We leave entirely to your discretion the timing and style of your approach.

Kissinger

110. Briefing Memorandum From the Director of the Arms Control and Disarmament Agency (Ilké) and the Director of the Bureau of Politico-Military Affairs (Vest) to Acting Secretary of State Ingersoll¹

Washington, March 22, 1975.

FRG Nuclear Assistance to Brazil—
Talking Points for your Meeting with Ambassador von Staden

The FRG Embassy on March 21 delivered a note (Tab B) to us indicating that the Germans intend to proceed with the export of nuclear equipment, materials, and technology to Brazil, including reprocessing and enrichment capabilities. The United States had urged the FRG to withhold final decisions on supplying reprocessing and enrichment technology until the key suppliers had had an opportunity to discuss multilaterally the possibility of adopting common constraints on these sensitive nuclear exports in the proposed nuclear suppliers' conference. While the German note indicates that they would apply

¹ Summary: Iklé and Vest informed Ingersoll that the FRG-Brazil agreement on the sale of nuclear materials to Brazil increased the difficulties for the U.S. Government in coordinating nuclear export policies. Iklé and Vest thought it important that the Germans delay their sale until U.S. and German officials could discuss the matter.

Source: National Archives, RG 59, Central Foreign Policy File, P830132–1855. Secret; Exdis. Sent through Sonnenfeldt. Drafted by Oplinger; cleared by Wolfe, Kalicki, and Bloom. Attached but not published are Tab A, Talking Points, and Tab B, an informal translation of the FRG note, both undated. In a March 21 meeting with German Ambassador Von Staden, Ilké stated his initial reaction to the Brazil-FRG agreement was that it would make it harder for the U.S. Government to apply stricter safeguards on the transfer of nuclear materials to Iran. (Telegram 66020 to Bonn, March 24; *ibid.*, D750102–1013) In a March 25 meeting, Ingersoll informed Von Staden that “Secretary Kissinger is very concerned about this whole problem area [nonproliferation] and that U.S. believes that an agreement on more stringent multilateral controls is possible” and requested that the FRG defer the agreement with Brazil until discussions with U.S. officials could take place. The FRG agreed to discussions. (Telegram 66712 to Brasília, March 26; *ibid.*, D750106–0309)

IAEA safeguards (including a PNE exclusion) to supplied materials and facilities, it appears that only limited and somewhat unclear additional controls would be applied, involving safeguards over derived technology and re-exports. The FRG note recognizes that German conditions fall short of our own preferred conditions as presented in the US five-point aide mémoire, but *expresses the view that more stringent conditions than theirs could not be obtained multilaterally*. There is at least a possibility that this German view is based upon bilateral discussions with France.

This development undoubtedly compounds the substantive and procedural difficulties ahead of us in coordinating nuclear export policies. It is therefore important to our objectives that we make every effort to induce the FRG to withhold finalization of the Brazil agreement until we can have further detailed consultations with them.

In discussing this matter with von Staden, the main point that we wish to convey is our concern that a decision to supply reprocessing and enrichment technology to a non-NPT party, under terms whose details are not yet clear, could preclude multilateral agreement on certain specific constraints which are essential to our mutual non-proliferation objectives. *For this reason, we consider it extremely important that no final action be taken until we have had a chance to discuss the matter in more detail in the next week.*

When you have delivered the attached talking points to von Staden, we suggest that, if agreeable with von Staden, you arrange for Louis Nosenzo (PM), to pursue the technical questions with the Embassy after the meeting.

111. Telegram 2866 From the Embassy in Brazil to the Department of State¹

Brasília, April 15, 1975, 1930Z.

2866. For Assistant Secretary Rogers from the Ambassador. Subject: Sec Visit LA: Possible Address to Brazilian Political Situation.

¹ Summary: Crimmins suggested possible topics for Kissinger's prospective trip to Brazil. Specifically, the Ambassador requested that the Secretary raise with Geisel political liberalization, in particular human rights abuses.

Source: Ford Library, National Security Adviser, Trip Briefing Books and Cables of Henry Kissinger, Box 8, 4/75 Latin America (trip cancelled). Confidential; Priority; Stadis; Exdis. Because of the impending collapse of the South Vietnamese Government and crises in the Middle East, Kissinger's visit to Latin America was postponed until 1976.

1. It would be useful for the Secretary, during the course of his meeting with President Geisel and possible conversations with General Golbery, Chief of the Civil Household, to inquire carefully about the Brazilian political situation, especially the outlook for decompression.

2. Presumably the Secretary will be addressing, either on his own initiative or in response to questions from Geisel, current political dynamics in the US as they affect foreign affairs (e.g., the executive-legislative relationship, the temper of Congress and public opinion). In this kind of context it would be natural and appropriate for the Secretary to ask a general question about Brazilian political evolution. I would hope that, in the course of this discussion, the Secretary could observe that we have watched with interest and admiration the President's efforts to bring about, slowly and surely, a political environment in keeping with the growing complexity of Brazilian society created by its rapid economic growth. The Secretary should also note that we are fully aware of the delicacy and subtlety of the task that the President has undertaken, that we understand that indeed there have been some recent difficulties, and that, as friends of Brazil and believers in its bright future, we wish the President well in his efforts.

3. Depending on the course of the conversation, there may be an opportunity in this framework for the Secretary to mention the human rights question, noting that this is a matter of widespread interest in the United States, that concerned sectors of opinion recognize that one of the objectives of the decompression process is to improve the observance of human rights, and that this is another important reason for our hopes that the process can continue.

4. Concerning Golbery, the Department is aware of the current attacks that he, as the architect of decompression, with possible Presidential ambitions, is under from hardliners, who view him with extreme suspicion. Because of his somewhat exposed position, I believe that too obvious an effort to seek him out might redound to his disadvantage. Therefore, we will seek opportunities for the Secretary to have brief chats, as private as possible, with him at the Itamaraty working lunch and dinner. The Secretary could take the same line with him as that sketched out above for the meeting with the President.

5. I would be grateful for your comments.

Crimmins

112. Memorandum From the President's Assistant for National Security Affairs (Kissinger) to President Ford¹

Washington, undated.

SUBJECT

Presidential Determination to Permit Resumption of Foreign Military Sales to Brazil

The Department of State has recommended that you make a Determination as required by Section 3(b) of the Foreign Military Sales (FMS) Act to waive the suspension of military sales to Brazil on the basis that such a waiver is important to the national security of the United States (Tab B).

The Brazilian Navy's March 22, 1975 seizure of two U.S.-flag shrimp boats for fishing within the 200 mile territorial waters claimed by Brazil may bring into play several legislative provisions calling for restrictive actions against Brazil in the assistance and trade fields. The point of seizure was 386 nautical miles from the conservation area delineated in the U.S.-Brazil Shrimp Agreement signed on March 14, 1975, seaward of the 12-mile contiguous fishing zone recognized by the United States, but within the 200-mile territorial sea claimed by Brazil. The U.S. regards the seizure site as high seas, not covered or in any way affected by the Shrimp Agreement, in which all nations enjoy freedom to fish. Brazil regards it as territorial sea in which non-Brazilian vessels must obtain Brazilian government consent in order to engage in fishing, and apparently interprets the Shrimp Agreement as implying that U.S. vessels will not fish outside the agreement area.

Section 3(b) of the FMS Act has been automatically triggered and will bar FMS sales credits, or guarantees to Brazil for a one-year period. Section 3(b) further states that this restriction may be waived by the

¹ Summary: By seizing two U.S. shrimp boats, Brazil triggered Section 3 (b) of the Foreign Military Sales Act barring sales, credits, or guarantees for the purchase of weaponry. Kissinger informed the President that a termination of assistance to Brazil would strain bilateral ties and recommended that he waive the provisions of the FMS Act and allow the continuation of assistance to Brazil for national security reasons.

Source: Ford Library, National Security Adviser, NSC Latin American Affairs Staff Files, Box 1, Brazil, Political, Military. Confidential. Attached at Tab A is a memorandum from the President to the Secretary of State and a Justification, both undated; attached at Tab B is a memorandum from Kissinger to the President, May 6; and attached at Tab C is a memorandum from Lynn to the President, May 7. The attachments are not published. According to telegram 109691 to Brasília, May 10, Ford signed the Presidential Determination on May 9. (National Archives, RG 59, Central Foreign Policy File, D750165-0084) The U.S.-Brazilian Shrimp Agreement was signed on March 14 and ratified by the Senate in October. See Document 115.

President if he determines such waiver is “important to the national security of the United States” or if he receives “reasonable assurances from the country involved” that no further such seizures will occur.

I believe that continued U.S. suspension of military sales, credits and guarantees to Brazil would have a severe adverse affect on our relations with this largest, strongest, and most populous of the Latin American nations at a time when Brazil is emerging as a force within the hemisphere and an increasingly influential nation on the world scene.

A continuing cut-off of military sales, credits and guarantees by the U.S. would be taken by the Brazilians as an unfriendly act, disruptive to their military modernization plans. It could threaten the successful implementation of the Shrimp Agreement and could possibly harden Brazilian attitudes on Law of the Sea issues during the delicate multilateral negotiations currently underway.

Mr. Lynn points out in his memorandum of concurrence (Tab C) that the Department of State believes that since Section 502(B) of the Foreign Assistance Act (Human Rights) expresses only the sense of Congress, a finding that “extraordinary circumstances” indicate that security assistance to Brazil should not be terminated or reduced is not required. Brazil is a country which is popularly assumed to have engaged in violation of human rights, and this Determination therefore is potentially subject to Section 502(B) in the same way as the recent Determination making aid available to Spain. You are not obliged to comply literally with a sense of Congress resolution like Section 502(B); however, I believe that as in the case of the Spanish determination, it is preferable to respond to Congressional interest in human rights outside of this Determination. We intend to carry on consultations in Congress which will allow us to treat the subject broadly, rather than focus on aid to an individual country. The Department of State concurs.

Informal discussions with members of appropriate Congressional staffs on this issue indicate that no serious Congressional repercussions will result from approval of this waiver. I concur in this assessment as does Max Friedersdorf.

Section 654 (c) of the Foreign Assistance Act of 1961, as amended, requires that any determination which you may make waiving the provisions of Section 3(b) of the FMS Act, as amended, be published in the *Federal Register* unless you conclude that to do so “could be harmful to the National Security of the United States.” In this case I recommend that the waiver be withheld from publication. The Section 3(b) suspension has not yet become public knowledge and, should publicity occur, it is likely to result in a strong adverse public reaction in Brazil.

The Department of Defense concurs in this recommendation. The memorandum at Tab A will give effect to this recommendation.

Recommendation

That you sign the memorandum at Tab A.

113. Telegram 115636 From the Department of State to the Embassy in Brazil¹

Washington, May 17, 1975, 0011Z.

115636. Subject: Highlights of Secretary's Luncheon for Silveira.

1. Following are highlights of exchanges during Secretary's luncheon for Foreign Minister Silveira Saturday, May 10.

2. Trade consultative group. The Secretary urged Under Secretary Robinson to go to Brazil to discuss trade and commodity issues. (There was no discussion of a specific agenda.)

3. South Vietnamese properties. In response to a question from Silveira, the Secretary said we would take a decision early next week on the matter of the Algerians taking responsibility for protecting South Vietnamese property in the U.S.

4. U.S.-Brazil relations. The Secretary emphasized the great importance we attach to our relations with Brazil and our desire to consult at least on major problems despite mutual inability to agree on all issues. He also thanked Silveira for the frankness of his correspondence. Silveira responded that he thought this was a good way to build friendship. Brazil will never be strident and these interchanges can be helpful to both of us. Brazil can provide insights regarding Latin America.

¹ Summary: Kissinger and Silveira discussed trade and energy issues, Cuba, Portugal, and the election of an OAS Secretary General.

Source: Ford Library, National Security Adviser, Presidential Country Files, Box 2, Brazil—State Department Telegrams from Secstate, Nodis. Secret; Immediate; Nodis. Drafted by Zimmermann, cleared by Ryan, approved by Rogers. On April 14, the preparatory conference for the oil producer-consumer conference stalemated over what issues should be emphasized. Some nations wanted to focus on energy-related issues, while others demanded that the conference address broader economic issues. Agreeing that the conference should center on energy-related issues, Kissinger and Silveira exchanged views on April 14 and 15. (Telegram 85460 to Brasília, April 15; National Archives, RG 59, Central Foreign Policy File, D750131-0405) In telegram 2884 from Brasília, April 16, the Embassy reported that Silveira did not think that the Kissinger-Silveira view would prevail. (Ibid., D750132-0672)

5. PrepCon. Silveira asked what the U.S. intended to do now. The Special Session (of the U.N.) will probably be a mess. Brazil wanted to put oil and energy at the top of the agenda and then move on to other subjects. This would assure adequate attention to the energy problem. But the smaller countries must be allowed to talk about their problems as well and once this is recognized the LDCs will be more relaxed. The Secretary responded that we did not want to put raw materials questions into the PrepCon. We are prepared to talk about these issues but in some other forum. It was the U.S. impression that Algeria wanted to turn the meeting into a confrontation with the industrial world. However, we can try to reassemble the PrepCon early in the fall and see what comes of it.

6. Oil prices. Silveira maintained the Middle East conflict was the prime cause of high oil prices and that the problem could only be resolved between the U.S. and the USSR as the only ones capable of offering the necessary guarantees. The Secretary pointed out that there were many other causes of high oil prices and that the Arab-Israeli conflict was not governing. He also pointed out the difficulties of negotiations with the Soviets.

7. Consultations. The Secretary noted that he had issued instructions that we were never to do anything in the Western Hemisphere without consulting Brazil. Silveira responded that consultation would be more productive if not confined to Latin American-U.S. relations. Silveira thought consultations could be improved and suggested that lately there were too many small accidents occurring along the road of good relations. He specifically mentioned countervailing duties. The Secretary noted his genuine interest in consultation and possible machinery was discussed. It was agreed that whatever machinery is agreed upon should be flexible and chaired by the Secretary and the Foreign Minister. The matter will be discussed further in August when the Secretary hopes to visit Brazil. Meanwhile Itamaraty will develop its ideas on an agenda and submit them for the Secretary's consideration.

8. Cuba. Silveira said Brazil could agree on a meeting to discuss Cuba without explaining at this time the formula to be used. He also said that Brazil would vote in favor of a freedom of action resolution at a later session of the OAS called to consider the Rio Treaty changes.

9. Portugal. Silveira said he did not think the Communists will end up in key positions, and there is a chance that the military situation may change. The key figure is Vasco Goncalves and he is emotionally confused. If he is changed the situation will alter drastically. It was agreed that there should be more systematic consultation on Portugal.

10. OAS Secretary General. The Secretary said we wanted to work with Brazil on this issue. Our only commitment is not to work against Orfila and we cannot support the Peruvian candidate. Silveira

responded that Sapena Pastor would probably withdraw as a candidate but Brazil could not vote for Orfila. Brazil would look with favor on a Central American candidate, perhaps Guatemala.

Kissinger

114. Memorandum From the President's Assistant for National Security Affairs (Kissinger) to President Ford¹

Washington, May 20, 1975.

SUBJECT

Presidential Determination for Sale of the Sidewinder Missile to Brazil

Deputy Secretary of State Ingersoll has recommended that you make a Determination, required by Section 4 (The Conte Amendment) of the Foreign Military Sales (FMS) Act, to permit Brazil to make credit purchases of a sophisticated weapon—the air-to-air Sidewinder missile (Tab B). The Conte Amendment prohibits the use of funds authorized by the Act to provide credit for the sale of sophisticated weapon systems to any underdeveloped country unless you determine that it is important to U.S. security.

On May 21, 1973, President Nixon found it to be important to U.S. national security to make credit available for the sale of F-5E aircraft to five Latin American countries including Brazil. The Brazilians believed, when they purchased the F-5E aircraft for credit in 1973, that they would be permitted to purchase the Sidewinder also on the same terms.

I see no objection to agreeing to the Brazilian request. The F-5E is designed to carry the Sidewinder (AIM-9) air-to-air missile as one of its principal armaments. Although we do not normally sell consuma-

¹ Summary: Kissinger advised Ford to sign a Presidential Determination allowing Brazil to purchase Sidewinder missiles.

Source: Ford Library, National Security Adviser, NSC Latin American Affairs Staff Files, Box 1, Brazil, Political, Military, 2. Confidential. Sent for action. Scowcroft initialed the memorandum for Kissinger. Ford initialed the memorandum. Attached at Tab A is a signed determination from the President to the Secretary, May 22; attached at Tab B is a memorandum from Ingersoll to the President, including a Justification, April 16; and attached at Tab C is a memorandum from Lynn to the President, April 24. The attachments are not published. According to telegram 121642 to Brasília, May 23, the Presidential Determination authorizing the sale of Sidewinder missiles to Brazil was signed on May 22. (National Archives, RG 59, Central Foreign Policy File, D750182-0560)

bles like munitions for credit—only for cash—appropriate missiles are frequently packaged in with initial sales of aircraft. The Brazilians understand in this case that future sales of the Sidewinder will be for cash, and that no new credits would have to be extended to cover the initial sale of the missiles.

Consultations with Congress, in conjunction with the possible sale of the F–5E to Brazil and the other Latin American countries, revealed a diminution of hostility to transfers of sophisticated arms to Latin America since the Conte Amendment was enacted in 1967. Although there is growing antagonism on arms sales there has been no adverse reaction in Congress to the earlier decision to sell the F–5E to Brazil. I believe—and Mr. Friedersdorf agrees—that Congress will accept the sale of the Sidewinder missile as an integral part of the F–5E weapon system. Two other countries in Latin America—Argentina and Venezuela—have already bought the Sidewinder without adverse reaction in Congress.

Foreign Assistance Act Section 502(B)—concerning human rights—potentially applies to Brazil. This is, however, a sense of Congress resolution which is not binding. The Department of State has plans to deal with the purport of Section 502(B) outside this Determination.

I recommend you make the necessary Determination that extension of credit for sale of the Sidewinder to Brazil is important to the security of the United States. The memo at Tab A will give effect to this recommendation.

Subject to your approval, the Department of State will inform Congress of your Determination along with the statement of reasons attached at Tab A. The law requires that Congress be informed and also requires that the pertinent documents be published in the *Federal Register*.

Mr. Lynn concurs in this recommendation to sell the Sidewinder missile to Brazil (Tab C) as does the Department of Defense.

Recommendation

That you sign the Determination at Tab A.

115. Memorandum From the President's Assistant for National Security Affairs (Kissinger) to President Ford¹

Washington, undated.

SUBJECT

Transmission to the Senate of the Agreement with Brazil concerning Shrimp

Attached at Tab A for your signature is a memorandum transmitting to the Senate for their advice and consent to ratification an Agreement with Brazil concerning shrimp fishing, together with an Agreed Minute and a related exchange of notes concerning compensation. Another related exchange of notes concerning interim undertakings is also transmitted for the information of the Senate. These documents were signed at Brasília on March 14, 1975. A report from Deputy Secretary Robert Ingersoll on the Agreement (Tab B) will also be forwarded to the Senate.

The necessity for an agreement arose in 1970 when Brazil asserted a claim to a 200-mile territorial sea. The claim encompassed important shrimp resource areas outside the twelve-mile exclusive fishery jurisdiction recognized by the U.S. which have been exploited for several years by a large number of U.S. flag vessels. The United States and Brazil signed an Agreement concerning Shrimp on May 9, 1972, which expired after several extensions on February 28, 1975. That Agreement was effective in conserving the shrimp resources in the area to which it applied and assured U.S. fishermen access to these resources without risk of incidents arising from the different juridical positions of the two governments on law of the seas issues.

The renegotiated Agreement continues to provide these benefits without prejudice to the juridical position of either government on the

¹ Summary: Kissinger advised Ford to request the Senate's ratification of the Shrimp Agreement with Brazil, which would regulate the total number of ships (including U.S. ships) in an area of the ocean between the accepted 12-mile zone off the coast of Brazil and Brazil's claim of a 200-mile zone.

Source: Ford Library, National Security Adviser, NSC Latin American Affairs Staff Files, Box 1, Brazil—Fisheries Problem. No classification marking. Sent for action. Published from an uninitialed copy. On June 10 Linder informed Kissinger that Ford had signed a message to the Senate requesting ratification of the agreement. (Ibid.) Attached but not published are Tab A, message to the Senate, May 22; Tab B, a memorandum from Ingersoll to Ford, May 3; and Tab C, the U.S.-Brazilian Shrimp Agreement of March 14. On July 21, the Assistant Director for Legislative Reference, James M. Frey, informed Ford of Enrolled Bill H.R. 5709, the Offshore Shrimp Fisheries Act Amendments of 1975, which would implement the March 14 agreement. (Ibid.) The Senate ratified the agreement on October 28. Linder informed Scowcroft on December 23 that Ford had signed the instrument of ratification of the agreement. (Ibid., Brazil—Economic, Social)

territorial sea question. The Agreement will extend through December 31, 1976. The interim nature of the Agreement reflects the expectation that the underlying question may be settled by general international agreement on the law of the sea.

The Agreement provides for a limitation of the total number of vessels exploiting the resources in the defined area and on the number of U.S. flag vessels permitted. It defines the authorized times for fishing and provides for an exchange of information by the parties to the Agreement. For reasons of convenience and economy, the Brazilian Government is assigned responsibility for enforcement of the terms of the Agreement, and the U.S. will pay Brazil \$361,000 annually for enforcement expenses. The major portion of this expense will be recovered from the fishermen through continuation of a licensing system administered by the Secretary of Commerce. (Amended legislation to this effect will be sought by the Executive Departments concerned.) Any U.S. vessel apprehended for violation of the Agreement will be turned over to U.S. authorities for appropriate action.

Representatives of the U.S. shrimp fishing industry have indicated general satisfaction with the terms of this Agreement.

This has been cleared with Max Friedersdorf and we do not envisage opposition to favorable Senate consideration of the Agreement. Paul Theis has cleared the text of the proposed Memorandum to the Senate.

Recommendation:

That you sign the transmittal message at Tab A.

116. Telegram 146237 From the Department of State to the Embassy in Brazil¹

Washington, June 20, 1975, 2341Z.

146237. Subject: FRG-Brazil Nuclear Accord: Personal Message From the Secretary. For Ambassador from the Secretary. Ref: Brasília 4875.

1. Please deliver following message to Foreign Minister Silveira:

2. Begin quote: Dear Antonio: Ambassador Crimmins told me about his talk with you on Brazil's nuclear agreement with the Federal Republic of Germany. I was heartened by your statement that the public discussion of this matter must not be allowed to affect the present cordial and constructive relationship between our two countries. Though we are concerned about the agreement, from the proliferation point of view, I fully share with you this basic point.

3. We did not invite, and in fact regret, the public debate. We would have much preferred that the matter remain in diplomatic channels. The short statements which Foreign Minister Genscher and I made on June 16 were designed to lay to rest some of the misunderstandings which have affected the press treatment of the agreement, and to calm the public temper. I hope we have done so.

4. We understand and support Brazil's desire to expand its use of nuclear energy as a tool for development. Count on our cooperation and assistance in your endeavor where Brazil considers it useful, to the limit permitted by our overall nuclear policy. And let us continue to exchange views on our common aim of avoiding the proliferation of nuclear weapons in the hemisphere.

¹ Summary: Kissinger informed Silveira that he understood Brazil's need for nuclear energy and did not want Brazil's agreement with the FRG to obtain nuclear materials to damage the overall relationship between the United States and Brazil. At the same time, the Secretary was concerned about the implications for nuclear proliferation of the Brazil-FRG agreement.

Source: National Archives, RG 59, Central Foreign Policy File, D750217-0235. Confidential; Immediate; Exdis. Repeated to Bonn, Vienna, and the Mission to the IAEA. Drafted by Rogers; cleared by Kahan, Ballantyne, Opplinger, Boright, Hoyle, Sonnenfeldt, and Kuchel; approved by Kissinger. The Crimmins-Silveira conversation is summarized in telegram 4875 from Brasília, June 18. (Ibid., D750211-0866) In telegram 138496 to Brasília, June 13, the Department reported on a discussion with Araujo Castro regarding Brazil's negative reaction to the public debate over the Brazil-FRG nuclear agreement, which was criticized by U.S. officials. (Ibid., D750206-1167) The June 16 conversation between Kissinger and Genscher on the Brazil-FRG nuclear agreement is summarized in telegram 150292 to Brasília, June 25. (Ibid., D750221-0436) In Silveira's response to Kissinger, June 29, he stated that there had "been a fair amount of misinformation as to the nature of the agreement and undue haste in the evaluation of the Brazilian purposes." (Telegram 153500/Tosec 50022 to Kissinger, June 29; *ibid.*, D750225-0453)

5. As always, I look forward to having your thoughts.
6. Warmest personal regards, Henry A. Kissinger. End quote.

Kissinger

117. Telegram 5292 From the Embassy in Brazil to the Department of State¹

Brasília, June 27, 1975, 1845Z.

5292. Subject: Effects on U.S./Brazilian Relations of the German Agreement.

Summary: The German/Brazilian agreement on nuclear cooperation signed in Bonn on June 27 has been described in the press as the most important economic agreement Brazil has ever entered into, but it has far greater importance as a step in Brazil's drive for major power status. Motivated by future energy needs, the attraction of an explosives option and the potential for a nuclear industry, and alleging the uncertainty of U.S. supplies of enriched uranium, Brazil has decided on the German contract as the key element of its nuclear strategy. The mistrust of the U.S., generated in the average Brazilian by well publicized portrayals of U.S. reactions as an attempt to modify or block the agreement and to maintain Brazil dependent, is likely to support the movement of Brazilian foreign policy away from the U.S., especially on nuclear proliferation issues and as Brazil's nuclear export potential comes into being. On the commercial level, it is doubtful that U.S. firms would participate in joint ventures and sell new technology in the future, that the U.S. will continue to sell Brazil enriched uranium for new reactors, or that Brazil would be interested in participation in a regional or U.S. enrichment plant. In non-nuclear areas, Brazil's enhanced status could also affect U.S./Brazilian relations. Brazil will continue to rely on the U.S. nuclear shield, but appears to want to develop, over time, an

¹ Summary: Crimmins informed the Department that the Brazil-FRG agreement on nuclear cooperation reflected Brazil's desire for major power status. The Ambassador concluded that if Brazil became a nuclear power, it would strain its ties to the United States.

Source: National Archives, RG 59, Central Foreign Policy File, D750224–0307. Confidential; Priority; Limdis. Repeated to Bonn, Buenos Aires, Rio de Janeiro, and São Paulo. The text of the Brazil-FRG agreement was sent to the Department in telegram 10706 from Bonn, July 2. (Ibid., D750230–0721) Angra I was a nuclear power plant near Rio de Janeiro constructed by Westinghouse.

explosives capability. The U.S. will have to keep the development of Brazilian nuclear capability under close scrutiny. Barring a radical change in U.S. nuclear policy, a new and divisive element has been added to U.S.-Brazilian relations. End summary.

1. US/Brazilian differences over nuclear energy policy are not new. Two decades ago, the U.S. blocked, for an extended period, delivery to Brazil of some early model—and unsuccessful—German gas centrifuges. More recently, Brazil refused to sign the NPT on the grounds that it limited Brazil's sovereignty. In its qualified adherence to the LANFZ, it specifically reserved its rights to PNE's. For some time, therefore, Brazil has made clear that it wished to acquire a nuclear option beyond constructing and operating reactors, and purchasing enriched fuel from abroad. Four long-term objectives have motivated Brazil's aims: A) nuclear-powered generating capacity fueled from domestic sources is the most secure way in the long run to satisfy rapidly rising electricity demands in the center/south and northeast; B) with a large domestic market, substantial hydroelectric potential, and potentially recoverable uranium deposits, Brazil could eventually develop an efficient, high-technology export-oriented domestic uranium-enrichment industry; C) a nuclear capability supports Brazil's drive to acquire a national high technology industrial base; and D) Brazil needs to have a nuclear explosives option to fulfill its "destiny" as a great power, and to offset Argentina's head start in developing a nuclear capability which might some day become an effective political, or even military, resource. President Costa e Silva's 1969 statement to the effect that the logical conclusion of nuclear research was the testing of its results in an explosive device made explicit that Brazil had no intention of renouncing PNE's. There is every evidence, also, that some influential elements chafed under the nuclear tutelage of the United States, this appearing most markedly in the running debate over the commitment of Brazil to (American) light water reactors and occasional statements by Brazilian scientists and federal legislators to the effect that Brazil should develop its own nuclear technology based on natural uranium and thorium. (Of course, the agreement with the FRG does not invalidate these arguments, but, under the changed circumstances, they are unlikely to have any impact for the immediate future.)

2. Several events and trends have coincided over the past two years to affect Brazil's nuclear policy: A) the reiterated refusal of the U.S. to sell its proven, efficient enrichment and reprocessing technology encouraged the determined Brazilians to pursue the industrially-unproven German enrichment alternative which offers Brazil independence from foreign-enriched fuel; B) the U.S. was unable, the Brazilians claim, to give Brazil ironclad guarantees of supply of nuclear fuels, and the confusion and frustration which resulted from the "conditional

contract” problem made the U.S. appear to be less than dependable in that respect. (It is difficult to estimate to what extent the supposed “unreliability” was exaggerated within GOB circles by those already intent upon a relationship with the FRG, the first steps in the establishment of which had been taken well before the “conditional contract” issue arose.); C) The GOB became increasingly aware that U.S. Government policy was moving toward ever-tighter safeguards; D) the Arab oil embargo and the resultant high prices for oil made nuclear energy relatively cheaper and emphasized the dangers of dependence on foreign sources of supply of energy; E) the inception of the Geisel government brought into play an outward-looking foreign policy, based on the oft-repeated formula of “ecumenism”, “responsible pragmatism” and “no automatic alignments” that not only implied broader relations with the Arabs, Eastern and Western Europe and China, but also a loosening of ties with the U.S. in search of foreign policy “independence” and “grandeza” (greatness, grandeur); F) the Indian nuclear explosion of mid-74 and the limited U.S. response to it seemed to the Brazilians to signal the end of effective non-proliferation practices—about which they had been consistently skeptical—and, in that sense, represented both a threat and an opportunity.

3. The tremendous amount of publicity that USG efforts with the FRG received here brought into sharp public awareness the unhappiness of the U.S. over the deal. Unfortunately—and undoubtedly, in part, by official inspiration, from Brazilian FRG sources—U.S. objections were held locally to be based on U.S. resentment and frustration at losing a lucrative commercial contract and on the U.S. desire to perpetuate Brazil’s dependence on the U.S. in general and in nuclear matters in particular. Except in the most thoughtful and politically sophisticated circles, short shrift was given to the real U.S. concerns over non-proliferation. When these were mentioned at all, they were usually dismissed as a cover for the “true,” i.e., commercial and political concerns of the U.S. The U.S. was presented as a disappointed suitor trying meanly and deceitfully to prevent Brazil from trysting with a new beau, and, more seriously, as attempting to prevent Brazil from realizing its destiny and economic development potential. Some serious commentary did recognize the logic of the U.S. position in regard to non-proliferation, but also presented the Brazilian position that the U.S. had neither right nor wisdom on its side in attempting to restrict Brazil’s sovereignty. These feelings are very broadly shared, with varying degrees of sophistication, by Brazilians of every shade of political opinion. Moreover, these sentiments are accompanied by a great outburst of national pride, principally because of the validation of Brazil’s candidacy to the nuclear club but also because of Brazil’s independence, even defiance, of the United States. The repercussions are likely to be

felt for an indefinite period. They will complicate our bilateral relations in that they feed what has become, during the Geisel/Silveira administration, a tendency in official circles to suspect—or to play upon suspicions of—U.S. motives. The fact that the GOB–FRG agreement is widely hailed as a great triumph of Brazilian diplomacy (and its slogans of pragmatism and no automatic alignments) is certainly not going to diminish the prickliness of GOB stances.

4. A growing nuclear capability is also likely to enhance the already pronounced Brazilian movement toward a foreign policy as independent as possible of U.S. influence and will probably increase the potential for policy conflict with the U.S. in a number of fields, a potential already inherent in the Brazilian drive to world power status. As Brazil acquires its nuclear capability through the German agreement and other arrangements, the U.S. relationship with Brazil on nuclear proliferation issues will be strained. In the short and medium run, Brazil is likely to refuse to agree to any “nuclear club” initiatives on multilateral non-proliferation controls which would restrict Brazil’s freedom of action. At this point we have only the FRG statements that all aspects of technology and facilities transferred in the long run, Brazil may export nuclear technology, perhaps less skillfully and less scrupulously than the major powers, which would quite possibly bring Brazil and the U.S. into direct conflict over non-proliferation. Similarly, Brazil probably would not be receptive to new initiatives on the denuclearization of LA although this attitude might change in the long run as other LA countries develop nuclear capability.

5. The German contract will undercut U.S. sales of nuclear technology and fuel to Brazil, but future technological developments or German failures could affect this. Both GE and Westinghouse believe that there will be no contracts with U.S. prime-contractor reactor vendors during the 8-reactor program. U.S. companies also question the attractiveness of participation through local joint ventures in building German reactors. Although some GOB officials continue to state that there will be a role for U.S. firms in joint ventures with Brazilian enterprises, we share the companies’ pessimism about this possibility and, indeed, question the sincerity of the Brazilian statements. Secondly, whether Brazil will continue to buy U.S. enriched uranium depends critically on the terms of the amended agreement for cooperation. We seriously doubt that the GOB would accept a new agreement if it does not permit the reprocessing of U.S. fuels within Brazil and retention of the plutonium. This would mean that the GOB would not buy any more fuel from the U.S. after Angra I. Thirdly, new developments in reactor technology could affect Brazil’s German commitment but not necessarily. Like the U.S., the FRG also has a major program in the HTGR (uranium/thorium or plutonium/thorium fueled) and an excellent fast breeder program. The line of progress could well go:

- (1) PWR—Enriches uranium fuel,
- (2) PWR—uranium or plutonium/thorium fuel—so-called “light water breeder”,
- (3) HTGR—Enriched uranium/thorium,
- (4) HTGR—plutonium/thorium,
- (5) Gas-cooled fast breeder, within a continuing joint program with the FRG.

Fourthly, any Brazilian interest in U.S. proposals for regional enrichment appears doubtful, even though the jet nozzle technology has not yet been proven efficient on an industrial scale. The fact that the FRG could furnish only the jet-nozzle process at this time because the tripartite deal with the UK and Holland (Urenco) restricts dissemination of the gas centrifuge is not immutable. In a few years, this could well change and the FRG might furnish the gas centrifuge to Brazil as a proven process.

6. In non-nuclear areas, U.S./Brazilian cooperation will be affected by Brazil's increased international status as a potential nuclear power, the boost this gives to Brazil's transition to becoming a second-tier developed country, and the resultant effects on Brazil's willingness to assume greater international responsibilities and to exercise more leadership. The latter two considerations are consistent with long run U.S. objectives and will give Brazil a pattern of international interests more like ours, but it will also enhance Brazil's capability for political and economic independence from the U.S. and other big powers.

7. Ultimately, the question that must be answered is, will Brazil develop a nuclear explosive device? Up to now, Brazil has been content to operate behind the protective nuclear shield offered by the U.S., a situation quite well suited to Brazilian priorities, needs and general ideological view of the world. Partly because of the high cost of bombs and delivery systems, Brazil has at least publicly eschewed nuclear weapons; it will continue to rely on the U.S. shield against any other superpower's nuclear might. The Brazilian authorities, however, clearly believe that non-proliferation is a dead letter, and they will not leave Brazil open to the possibility of nuclear blackmail on the part of its neighbors or other middle powers, nor renounce a policy tool that they appear sure others will grasp. In that sense, the decision to acquire a nuclear weapons capability can fairly be said to have been taken. In the operational sense, however, it seems reasonable to say that no immediate decision has been made, although references to Brazil as a “nuclear power” permeate press treatment of the subject—and with the clear implication of an explosives capability. Rather, it appears that Brazil will concentrate on developing its technology to the point that an explosive device could be constructed within a relatively short time

of the decision to do so. Although this judgment is based on our best estimate of Brazilian desires and intentions, there is, of course, no solid guarantee that Brazil would show that much restraint. In our serious pursuit of non-proliferation, world peace and stability, we will have to keep the development of the Brazilian nuclear capability under close and continuing scrutiny, and be prepared to face the need to challenge Brazil should conditions warrant.

8. In sum, the publicity given in Brazil to our attitude toward the contract has resulted in the widespread conviction here that the U.S., for commercial and superpower motives, sought to prevent Brazil from the legitimate pursuit of its highest national interests. The resultant damage to bilateral relations currently appears containable. There are many Brazilian interests that are served by good relations with the U.S. Brazil, in East-West political terms, is conservative and anti-Communist. Moreover, the actual establishment of a full fuel cycle capacity within the country is still a long way off and not assured. The lesson should not be lost on us, however. An issue on which the U.S. and Brazil are in fundamental disagreement, which was previously only abstract, has become concrete. While the level of its potential for conflict and cooperation cannot be fully assessed at this time, it seems clear that, barring a radical change in current U.S. nuclear policy—and the GOB quite possibly assumes that over time the U.S. will accommodate to the Brazilian nuclear reality—a new and divisive element has been added to U.S.-Brazilian relations.

Crimmins

118. Action Memorandum From the Director of the Bureau of Politico-Military Affairs (Vest) to Secretary of State Kissinger¹

Washington, July 8, 1975.

FRG Nuclear Sale to Brazil

The Problem

Recent statements by FRG Chancellor Schmidt and Brazilian Foreign Minister Silveira, if accurately reported by the press, portray you as concurring with, or having no objections to, the FRG/Brazil nuclear assistance agreement. While we do not wish to encourage further controversy over this matter, we believe it is important to set the record straight since uncorrected distortions of the US position making it appear that we approved the sale could adversely affect our position in the nuclear supplier talks and arouse further public and Congressional concern. In order to clarify our position on the sale, we believe that it would be desirable to remind appropriate FRG and GOB officials that while we wish to contain negative publicity and avoid any disruption of our relationships, we have conveyed our concerns about the transaction at high levels and regret that the press has portrayed us as approving transfers of sensitive enrichment and reprocessing technology.

Substance of Agreement

On June 25, FRG Foreign Minister Genscher wrote to you advising you that the agreement would be signed on June 27 (Attachment 1). His letter enclosed the Federal Government's replies to parliamentary questions concerning the political and economic scope of the agreement, which contains a statement of the safeguards-related provisions. Bonn's 10706 (Attachment 2) contains the text of the agreement itself. In addition, the FRG and Brazil have signed a protocol authorizing industrial cooperation in specified areas covering the entire fuel cycle,

¹ Summary: Vest argued that the U.S. Government should clarify to the Brazilians and West Germans its concern with the nuclear proliferation implications of the Brazil-FRG agreement.

Source: National Archives, RG 59, Central Foreign Policy File, P830113–0932. Secret; Exdis. Published from an uninitialed copy. Drafted by Nosenzo on July 7; cleared by Boright, Kratzer, Vine, and Rogers. Sent through Sonnenfeldt. Kissinger disapproved both recommendations, and a handwritten note indicates that he transmitted his decision in telegram Secto 6064, July 12. (Ibid., P840126–2194) Attached but not published is Genscher's letter to Kissinger, June 25. Telegram 10706 from Bonn, July 1, is *ibid.*, D750228–0240. Other attachments have not been found.

under terms which are spelled out in annexes which have not been made available to the U.S.

There are no surprises concerning the substance of the agreement as described in the replies to parliamentary questions or in the safeguards-related articles of the agreement itself. It provides for sale of up to eight reactors, a fuel fabrication plant, pilot reprocessing plant, and cooperation in uranium enrichment. The safeguards and controls are generally the same as those the FRG mentioned to us in bilateral discussions. Given the FRG decision to export the sensitive technologies of enrichment and reprocessing, which represents our fundamental objection to the sale, the safeguard conditions appear to be quite stringent and, with one possible major exception, appear consistent with likely understandings on common nuclear export policy which may be agreed by the nuclear suppliers.

However, neither the Q's and A's nor the text of the agreement mention FRG direct participation in the reprocessing and enrichment plants. The FRG has told us that they will have adequate flexibility under the agreement to ensure that these activities would involve "joint ventures" between the FRG and Brazil. Thus far, it would appear from Brazilian press reports that although the FRG's involvement in facilities supplied to Brazil will be substantial at first, it will be largely for purposes of training, with the likely eventual result that Brazil will obtain purely national control of a full nuclear fuel cycle under safeguards. If this interpretation is not modified in the course of implementing industrial-level arrangements, it would be quite the opposite of the US concept of full and active supplier involvement in management and operations to provide an additional non-proliferation constraint.

German and Brazilian Statements

While concentrating on the substance of the FRG/Brazil agreement, the German Parliamentary reply indicates that the FRG "gained the impression that its objective arguments were understood" and that the US "expressed its satisfaction with the safeguards agreed upon." The FRG does not give the slightest hint of our repeated expressions of concern over the unprecedented transfer of sensitive enrichment and reprocessing technology involved in the agreement—those elements of the sale (in contrast to the power reactors) which we argued were potentially dangerous, given the difficulty of effecting sufficiently adequate safeguards. In fact, as indicated in the attached press report (attachment 3), Schmidt recently stated that we did not make "a single criticism" of the nuclear transaction and that "I suppose this is not of primary importance" to the USG. This, of course, is inconsistent with your discussion with Foreign Minister Genscher and the press statements made after your meeting.

Your attention is also called to three cables (attachment 4) which indicate that Foreign Minister Silveira, enroute to Bonn for the signing, disclosed to Brazilian journalists that you had communicated with him on the FRG-Brazil nuclear accord. As a result *Jornal de Brasília* reported you as guaranteeing Washington concurrence in the terms of the agreement, but did not mention the concerns you expressed in your message to Silveira about proliferation. Silveira has more recently refused direct comment on your letter, characterizing it as “personal.” In the context of concluding their nuclear agreement, both the Germans and the Brazilians seem to have distorted your communications and tried to make the US appear to approve sales involving the transfer of sensitive nuclear technology as long as safeguards are applied—a stance which is not only incompatible with our own national policy and our position vis-à-vis the other nuclear suppliers, but which is likely to fuel Congressional concerns even further.

Further Steps

In order to clarify our position on the German-Brazilian sale, we believe we need to remind appropriate FRG and GOB officials that while we wish to contain negative publicity and avoid any disruption of our relationships, the fact remains that we did relay our concern at high levels about the transaction, and we regret that the press has portrayed us as approving transfers of sensitive enrichment and reprocessing technology. Attachment 5 is a draft cable, for your approval, instructing Ambassador Crimmins to so inform appropriate GOB officials. I believe that a similar message should be conveyed to FRG officials through their Embassy in Washington.

Recommendation

That you approve the cable at Attachment 5 instructing Ambassador Crimmins to remind appropriate GOB officials of our position concerning the transaction and expressing regret that we have been portrayed as approving the FRG/Brazil nuclear sale.

That you approve a similar approach to the FRG which I will convey to FRG Embassy representatives here in Washington.

119. National Intelligence Estimate 93–1–75¹

Washington, July 11, 1975.

THE OUTLOOK FOR BRAZIL

PRÉCIS

Brazil's long-term economic prospects are good, but in the shorter term it will experience reduced rates of growth, relatively high rates of inflation, and large deficits in its balance of trade.

—Brazil's prospective growth rate for 1975 constitutes good performance by current world standards, although it will be a disappointment of expectations after the 10 percent annual growth of 1968–1974.

—Discontent with economic conditions contributed to the unexpected success of the opposition party in last November's election.

—Should economic conditions appreciably worsen, the regime would become increasingly vulnerable to attack by its domestic critics and there could be a resurgence of economic nationalism.

President Geisel has undertaken to liberalize the political system through a process which has come to be known as "decompression."

—The aim is to ease controls on political activity and to widen participation in the political process.

—"Decompression" has had some important results, including the remarkably free 1974 congressional elections and some easing of press censorship.

—But it rests on a fragile consensus among various groups not to challenge the status quo in any serious way, and it has run into opposition from conservative members of the military hierarchy.

—The outlook for political liberalization in Brazil, although better than at any time since 1968, is still not particularly favorable.

—A return to civilian rule in the next few years is highly unlikely.

Pragmatic considerations, particularly economic ones, will continue to guide the formulation of Brazilian foreign policy.

¹ Summary: The authors of the Estimate predicted that although the United States and Brazil would disagree over economic issues, the Brazilian Government would continue to desire close, cooperative bilateral relations.

Source: Central Intelligence Agency, National Intelligence Council, Job 79R01012A: Box 500, Folder 3: (NIE 93–1–75), Outlook for Brazil, NIE 93–1–75, July 1975. Secret; [handling restriction not declassified]. According to a note on the cover sheet, the Central Intelligence Agency and the intelligence organizations of the Departments of State, Defense, the Treasury, the NSA, and the Energy Research and Development Administration participated in the preparation of this Estimate. The Director of CIA submitted this Estimate with the concurrence of all members of the USIB except the representative of the FBI, who abstained on the grounds that it was outside his jurisdiction.

—Preferential treatment for Brazilian exports will be a primary goal, and protectionist measures by the developed countries will be viewed as inimical to Brazil's vital interests.

—Brazil has aspirations to a role as an emerging world power, and its policymakers have a sophisticated understanding of the reality of economic interdependence and of the constraints imposed on Brazil's autonomy by its need for foreign capital, technology, and raw materials.

—Nonetheless, Brazil remains an underdeveloped country, and it will side with such countries on many issues in order to secure economic concessions and to force a redistribution of the world's wealth to its own advantage.

—Brazil cannot aspire to become spokesman for the Spanish-speaking countries of Latin America, but wants to solidify its position as the paramount power there so that it can play an international role as an emerging major power.

While Brazil has almost certainly not made a decision to develop nuclear weapons, the government does not want to foreclose this option.

—It sees nuclear power as an important factor in supplying its future energy requirements.

—It regards US pressure to sign the Nuclear Nonproliferation Treaty as an unacceptable infringement of its sovereign rights.

—It is purchasing from West Germany the technology and facilities for a complete nuclear fuel cycle.

Within a framework of strong traditional ties, Brazil's foreign policy will almost certainly diverge increasingly from that of the US.

—Disagreements are most likely to involve economic issues and will probably become more numerous with the passage of time.

—Despite differences on specific issues, Brazil overall will continue to desire close and cooperative relations with the US.

[Omitted here is the body of the NIE.]

120. Telegram 6684 From the Embassy in Brazil to the Department of State¹

Brasília, August 11, 1975, 1705Z.

6684. Subject: Trade Measures. Ref: State 185309.

1. I made a presentation, based on reftel, to the SecGen of the Foreign Ministry Friday, August 8. (The Foreign Minister could not see me until early evening Friday and I did not wish to delay the presentation until then.)

2. Speaking from talking points, I covered the material in reftel (see para 8). In additional remarks, I emphasized the sense of disappointment and discouragement we felt with respect to our very considerable efforts, going back to 1973 when the shoe case was first taking shape, to establish continuing consultations on trade issues in order to find solutions, insofar as possible. I noted particularly the disheartening effect of the adoption of the measure on the basis of the Robinson mission and the Simon-Simonsen letter which epitomized our own intentions to maintain an open dialogue on trade problems between us. (Guerreiro, responding to my offer to give him a copy, indicated that he had seen the Simon letter.) I said that we assumed and expected that any possible invocation of the decree would be preceded by consultations.

3. Guerreiro listened to my presentation carefully, nodding occasionally to my pitch about our longstanding and recently accelerated efforts to set up effective two-way consultations. In reply, he stated the following:

A. The decree was issued (at no time did he give the slightest indication that it would be withdrawn or suspended) in order to fill a gap in Brazilian law and regulations. He explained that there had been no provision of Brazilian law that permitted retaliation against restrictions on Brazilian exports. He noted that, with respect to international instruments, the GATT did, of course, authorize retaliation, pro-

¹ Summary: In a meeting at the Foreign Ministry, the Ambassador expressed his displeasure with a Brazilian decree that permitted retaliation against countries that put restrictions on exports from that country. He thought a follow-up letter from Kissinger to Silveira would prove productive.

Source: National Archives, RG 59, Central Foreign Policy File, D750278-0345. Confidential; Priority; Exdis. Repeated to São Paulo and Rio de Janeiro. The Simon-Simonsen letter is in telegram 177583 to Brasília, July 28. (Ibid., D750260-0313) In telegram 6498 from Brasília, July 5, the Embassy reported that Brazil intended to apply retaliatory measures against countries, including the United States, that discriminated against Brazilian exports. (Ibid., D750269-0284) In telegram 185309 to Brasília, August 6, the Department instructed the Ambassador to deliver a *démarche* to Silveira on the matter. (Ibid., D750270-0918)

vided that other means of resolving differences had been unsuccessful. He added that the LAFTA treaty was not at all clear on the subject, although there were those who argued that the authority to retaliate was implicit in the LAFTA document. In Brazilian domestic law and regulations there had been no parallel authority, and the decree was intended to fill that void.

B. He said that, despite press accounts, the decree was not aimed at the United States. There were many other problems with other countries, particularly in the LAFTA area (read: Argentina) and those cases were “even clearer” than the ones with the United States.

C. He affirmed that the decree was entirely prospective. He stated that there certainly would be consultations before any implementation of the decree—that being one of the purposes of the decree’s requirement that the Foreign Minister be consulted—and that the GOB’s hope was that it would never be necessary to use the decree.

4. I gave Guerreiro a copy of my talking points and asked him to pass it to the Foreign Minister, with the explanation that I would have taken the matter up with him but that the urgency of the subject had counselled against delay. The Secretary General said that the Foreign Minister would see the talking points that very day.

5. I also told Guerreiro that, unless he objected, I proposed to make a copy of the talking points available to Minister Simonsen. Guerreiro replied that he understood and certainly had no objection.

6. Comment: I consider that the approach was useful in recording the US reaction in clear and firm terms, with sorrow more prominent than anger but with the tone of warning about the decree’s negative implications unmistakable. Guerreiro’s answer was a soft one, somewhat disingenuous with respect to our being an object of the decree but not overly so since the GOB does have growing problems in the LAFTA area as well as with the EC.

7. I believe it would be useful for the Secretary to follow up with a letter to Silveira, drawing on the points made in the talking points. Such a letter, couched, of course, in friendly but also in sober terms, is warranted by the importance of the subject which is on a par with other questions treated in the ongoing correspondence. It would underline to Silveira our concerns and might also forestall an injured innocence communication from him. With respect to Silveira’s role, we are satisfied, after checking with sources in the economic ministries and agencies outside the Finance Ministry, that that Ministry’s attribution of sponsorship of the decree to the Foreign Ministry was entirely correct. For example, when I raised the decree with the President of the Central Bank, his first words were: “That’s diplomacy.” Like the disciplined official that he is, he went on, however, to explain the decree somewhat along the lines of Guerreiro’s comments. A well-placed

source in the Secretariat of Planning, disturbed by the publication of the decree, made a point of telling the Embassy Financial Attaché that the Secretariat had had nothing to do with the decree, which, he said, had come out of Itamaraty, "with some support from the Finance Ministry."

8. The text of the talking points paper follows:

9. Qte: The USG has noted with concern the reported promulgation of a new decree which appears to envisage retaliatory action against countries which in some manner are deemed to impede the entry of Brazilian exports into their market. Although we note that application of this decree is prospective and that the US is not specifically singled out and identified as a target of such measures, we are concerned by the timing of the reported measure, the apparently broad nature of its provisions (including the lack of any reference to the GATT), and the lack of any consultations with the US as one of Brazil's principal trading partners.

10. The Embassy has been instructed to convey these US concerns and to request clarification of the nature of this measure and of the intentions of the Brazilian authorities with respect to its application. The inquiry is made in a spirit of cooperation but with deep concern over the potential implications and repercussions for our bilateral relations if the measure is applied in the manner which its broad terms appear to suggest. Our purpose also is to clarify US attitudes and to forestall any potential misunderstanding as to how the US would view, and might be required to react to, the application of the measure.

11. The United States recognizes that, given the nature, size and dynamism of the commerce between the United States and Brazil, there are important trade issues between us. Our effort has been to foster a climate, and to create consultative machinery, in which these issues could be addressed expeditiously and effectively, and through which new problems could be identified, discussed and, if possible, negotiated at an early stage. The correspondence of Secretary Kissinger, correspondence between Secretary Simon and Minister Simonsen, the visit by Under Secretary Robinson, the resultant agreement to establish a bilateral economic consultative mechanism (with a sub-group on trade), past cooperation between the two governments with respect to countervailing duty cases, and the Embassy's regular and periodic consultations with Brazilian authorities—all these have been designed to advance this purpose. The possibility of additional steps to further this effort was part of my recent consultations in Washington.

12. US authorities have been under the impression that these purposes and special efforts in the economic sphere were fully understood and shared by the Brazilian authorities, and that good progress was being made by the two parties.

13. Against this background of shared effort, the reported decree would appear to us to be untimely and regrettable. While U.S. authorities appreciate the Brazilian preoccupation in regard to its export prospects and the balance of payments, US views on the reported decree may be summarized:

(A) The measure would be contrary to our efforts, as outlined in Secretary Kissinger's correspondence, to resolve trade problems by consultation and negotiation, either bilaterally or in the framework of the GATT, in a spirit of cooperation.

(B) Following so soon after Under Secretary Robinson's visit, including agreement to establish a trade consultative mechanism to deal with bilateral problems, the measure could not help having markedly negative effect on these efforts at strengthened bilateral cooperation.

(C) With respect to the problem of export subsidies and countervailing duties, while the US recognizes that Brazil considers the present provisions under the GATT unsatisfactory, the decree, in our view, is counterproductive with respect to current efforts to negotiate a new subsidy/countervailing duty code in the multilateral trade negotiations.

(D) Until such time as a new code is agreed and ratified, US countervailing duty actions, prescribed by US law, are consistent with US rights and obligations under the GATT, and retaliation against such measures would, therefore, be unjustified. Retaliatory measures under the decree would also, very probably, lead to further difficulties brought about by a mutually harmful process of retaliation and counter-retaliation.

(E) Implementation of the decree could have an unsettling effect on relations outside the trade area.

14. We appreciate the cooperation which the US has received from the Brazilian authorities in the past. Consistent with Secretary Kissinger's proposals for increased consultations and with the agreed consultative mechanism, we hope that this cooperation can continue through consultations on, and negotiation of, such issues as will arise from time to time, in advance of unilateral action by either government. Unqte.

Crimmins

121. Telegram 201480/Tosec 100086 From the Department of State to Secretary of State Kissinger¹

Washington, August 25, 1975.

201480/Tosec 100086. Subject: Letter to Secretary From Brazilian Foreign Minister. Ref: State 201066, Tosec 100070.

1. Following letter from Foreign Minister Silveira to Secretary Kissinger delivered late afternoon Friday, August 22 by Brazilian Embassy.

2. Begin text: My dear Henry: I have just received your letter of today's date, in which you apprise me of the measures that the United State Government will be adopting as from tomorrow, for the lifting of certain restrictions to the trade with Cuba. Although the measures pertain, for the time being, only to trade conducted by subsidiaries located in third countries, they still cannot fail to produce an impact on the bilateral relations between the United States and Cuba, to the extent that they will provide an opening for a Cuban reaction indicating, as you said, whether the Cubans "are prepared for serious talks". I thank you for the information, which will certainly be useful for keeping posted on the policy of the countries that voted at San Jose in favor of the lifting of the sanctions against Cuba.

3. Both at Quito and in Washington, I had the opportunity to refer once again to the fact that, in my view, the Cuban problem was being dealt with in the OAS under the prism of the global policy of the "détente" rather than under the more proper one of continental relations. The two subjects are, to a certain point, interconnected but from Brazil's viewpoint the primarily continental perspective of the Cuban problem should never have been lost from sight. To us, the fundamental questions are, in this order, 1) Does Cuba no longer constitute a threat to the security of the other members of the TIAR, ceasing to intervene directly or indirectly in their internal affairs? 2) Is Cuba disposed to cooperate with the other countries of the inter-American system, undertaking firm commitments in this connection?

¹ Summary: In a letter to Kissinger, Silveira discussed Cuba, détente, and trade policy.

Source: National Archives, RG 59, Central Foreign Policy File, [no film number]. Confidential; Immediate; Exdis. Kissinger was in the Middle East from August 21 to 31, shuttling between Alexandria and Jerusalem. Repeated to Brasília and to Eleuthera for Rogers on August 25. Kissinger's July 27 letter to Silveira was transmitted in telegram 177906 to Brasília, July 27. (Ibid.) In telegram 7462 from Brasília, August 27, the Embassy outlined topics for a response to Silveira's letter, highlighting détente, North-South relations, trade relations, consultative mechanisms, and Cuba policy. (Ibid., D750296-0734)

4. I am not unaware of the great significance of the Helsinki meeting and of the positive aspects of the policy of “détente”, which you so ably summarized in your letter of July 27. You know my viewpoints on the “détente”, which do not necessarily coincide with yours. I understand the American and the Soviet objectives in pursuing the “détente” in their bilateral relations, and I admit that the countries both of the Western and Eastern blocs can benefit from the détente, at least while it creates perspectives of immediate peace and of a greater possibility of cooperation in the efforts for economic and social development. What it should not be, however, is a policy of simplification of the world reality, accentuating the natural tendency of the two leader nations to govern the world jointly. Helsinki, notwithstanding the presence of 35 Chiefs of State, is in my view reminiscent of many other meetings in the past, and, in some form, it was still the continuation of a world history focused on the Northern Hemisphere as the starting point. In this sense, I think that it was more of an epilogue than a prologue, for I already do not see how it will be possible to ignore the emergence of new protagonists, coming from the Southern Hemisphere, in the history that is to be written from now to the end of the century. I do not refer specifically to any particular country. I do think of the past reality of the developing world, with its dissatisfactions, its ambitions, its justifiable requirements, its frustrations and its reactions.

5. I intend to address myself to this topic in my speech at the Special Assembly, of which I will send you the text as soon as it has been completed. I deem it important that all of us, responsible governments of developed and developing countries alike, join efforts in finding constructive way out of the current impasse in the overall relations between the Northern and Southern Hemisphere. The exasperation with which some industrialized countries view the demagogic behavior of some developing countries is but the same feeling of exasperation these less developed countries harbor against what they see as a lack of understanding on the part of the developed countries towards problems originating in an inequitable economic order on the international level. Mutual recrimination only aggravates the impasse.

6. Although I do not believe that the Department of State has let itself be influenced by the *New York Times* report from Associated Press that I had proposed a “formal” resumption of the new dialogue, I wish to reiterate that the willingness on the part of the Brazilian Government to carry on a dialogue is a constant, not a contingent attitude. But, being realistic and pragmatic, we certainly would not formally propose something about which previous soundings had not produced positive results. As regards the new dialogue, no sounding out has been effected, nor do I believe that there exists now a climate conducive to such.

7. I do not wish to conclude this letter without referring to the recent decree by the Brazilian Government on the adoption of retalia-

tory measures against countries that discriminatorily restrict the entry of Brazilian products. Upon the publication of the decree, there followed a diplomatic action by Ambassador Crimmins to Itamaraty (the only one to do so), in which, besides requesting clarifications, the Ambassador expressed his surprise at the fact that such a measure had been adopted without previous consultation with Washington.

8. I must admit my surprise at both his diplomatic action and his comment, to which, incidentally, we have given no publicity. The *Erga Omnes* measure adopted by Brazil has general application and is not specifically directed at any one country and it is even somewhat intriguing that the U.S. Government has volunteered as its target. As a matter of fact, we have problems of access to the markets of many developed countries, not only to the U.S. market. As to the comment that there had been no consultation with Washington, I consider it appropriate to point out that since the measure was not specifically aimed at the United States, there was no reason for consulting with the United States Government. Even if this had been the case, it is not the practice on the part of the United States to engage in previous individual consultations before adopting measures of a general nature that might affect our trade. This notwithstanding, we have repeatedly maintained consultations with the U.S. Government on the problems of our bilateral economic relations, during which the question of access (to the U.S. market) has been discussed. Just recently, although the U.S. Embassy had clearly indicated that Undersecretary Robinson did not wish consultations on countervailing duties, the major implications of this problem were dealt with. On that, as well as on other occasions, we have repeatedly observed the inequality between the freedom assumed by the developed countries in defence of their economy through schemes such as alleged "market disruptions" and denied to the developing countries in protecting their considerably more fragile economic structures.

9. This letter turned out to be long and varied in its content, but I wanted to bring our correspondence up to date.

10. Though we cannot afford the luxury of purely intellectual pleasures, I want to tell you, quite candidly, that the frank and honest letters we exchange have been, amidst the perplexing problems that beset us, a source of satisfaction in my work as Brazil's Minister of Foreign Relations.

11. I wish you success in your current endeavors in the Near East. Warm regards, Antonio End text.

12. Draft reply in preparation. Maw

Unqte

Ingersoll

122. Telegram Secto 10214 From Secretary of State Kissinger to the Embassy in Brazil¹

Jerusalem, August 30, 1975, 2015Z.

10214. Subject: Action Memo: Proposed Reply to FM Silveira. Ref: A) Tosec 100276 (Notal), B) Tosec 100274 repeat of Brasília 7462.

1. Please deliver the following message to Silveira from Secretary Kissinger:

2. Begin text: Dear Antonio: Your letter of August 20 was slightly delayed in its transmittal to me here in Jerusalem. I share your feeling that our exchanges are a source of personal satisfaction, and I am answering immediately because, beyond the personal dimension, our two countries are too important to the emerging global order, and our futures are too closely joined to allow any possible misunderstanding or misinterpretations to cloud our relations.

A fundamental theme running through your letter deals with the relationship between our policy of détente with the Soviet Union and our posture toward the developing world. I think it important, Antonio, that I seek to clarify the distinction I see between these two central aspects of American foreign policy.

As for détente, the United States shares two things with the Soviet Union: The power to destroy the world and the traumatic memory of two world wars in this century. No government can responsibly do less than to try to chain that power and learn from that past. These issues may have originated in the old world but that fact makes them no less important to all of us and to world peace. Massive military forces still confront each other in Europe.

The Helsinki Conference was indeed an epilogue—an epilogue to World War II. But it was by no means easily reached. It would be disingenuous of me to suggest we did not have to engage in exchanges with the Soviet Union in the effort to hammer out an outline for the accord. But the conference was the culmination of three years of painstaking negotiations among all the states involved leading toward a better definition of East-West relations. Each country, large and small, had points it wished to advance and important interests it had to protect. These had to be accommodated or there would have been no final agreement. It is difficult to interpret this

¹ Summary: In a letter to Silveira, Kissinger discussed détente, sanctions on Cuba, and the dialogue among the nations of the hemisphere.

Source: National Archives, RG 59, Central Foreign Policy File, P840099–1284. Confidential; Niact; Immediate; Exdis. Repeated Immediate to the Department.

broad effort as an exercise in condominium. Certainly the participants did not look on it as such. But détente is a limited process with limited ends. The Helsinki Conference as you emphatically point out does not represent the full range of problems affecting the world today. Who could question that this open country with its varied population and its market for ideas and products extending across the world could be insensitive to or isolated from the dramatic changes underway in the Southern Hemisphere. The great importance I place on my forthcoming address before the UN Special Session demonstrates the profound preoccupation over economic problems that we share with the "emerging protagonists" from the Third World.

But I cannot, Antonio, in all candor agree that there is in any of our policies that have evolved toward the Third World over the past months a "natural tendency of two leader nations to govern the world jointly." The crucial debate now before us is over trade relations, commodities and a re-examination of international monetary arrangements. Yet, the Soviet Union and other Communist nations are not only not influential on US policies in this regard but they have virtually opted out of the debate. The Soviets played neither an interested nor active role in the World Food Conference, the World Population Conference, Sixth Special Session of the General Assembly nor the Preparatory Conference in Paris. In these fora where North/South issues have been examined seriously we have played an active and concerned role. An obsession with East/West relations in no way motivated the attention and initiatives we brought to those meetings. How do we approach these North/South issues? Though you could not say so, I believe that Brazil should be one of the leading forces in any search for a truly global order. Brazil's own importance and our shared understanding that mutual recrimination will not aid the political environment required for a successful outcome make this inevitable. I was heartened by your references to this point in your São Paulo speech and I look forward with great interest to your address in New York.

Now to Cuba. Some countries may have acted at San Jose in the mistaken belief that détente requires normalization with Cuba. We did not. Neither détente, nor our relations with the Soviets, nor any desire to improve relations with Cuba governed our actions at San Jose. If anything our motives are to reduce Soviet influence in Cuba. In San Jose we joined in a freedom of action formula that had majority support. This formula was a Latin American initiative which we supported in order to remove an irritant in hemispheric relations and preserve indeed revive hemispheric support for the Rio Treaty. Last week without abandoning our embargo on direct trade with Cuba we modified those of our own sanctions which would have conflicted with the decision taken at San Jose. The determining criterion of our policy

was therefore entirely hemispheric without concern for extraneous considerations like *détente*.

Opinions will obviously vary about the nature of the Cuban subversive threat. My own judgment is that an increasing number of American states no longer see Cuba as a serious threat. Whether or not there has been a real and enduring change in Cuban intentions and capability for subversion, there is more confidence on the part of the states themselves about their ability to deal with whatever threat does exist. Your point about the “emergence of new protagonists coming from the Southern Hemisphere” is again relevant here. For despite the manifold problems which confront us all, I do sense in most Latin American countries an increasing sense of responsibility for their own advancement and security and in many cases an increased sense of confidence in their own ability to exercise that responsibility. The strengthening and re-affirmation of the Rio Treaty at San Jose provides further reassurance in this regard. The treaty of course remains our ultimate safeguard against any recrudescence of the Cuban threat to which we must certainly remain alert. I also share your doubt whether Cuba is disposed to cooperate in the hemisphere and to undertake firm commitments to its neighbors. We will be looking for evidence of Cuba’s readiness to undertake its international and hemispheric responsibilities. Our posture toward Cuba and toward its role in the hemisphere will be conditioned by our evaluation of their behavior.

You have raised the question of our own relations with Cuba. As I have indicated our lifting of sanctions against third countries has not eased our embargo on direct trade with Cuba. Should Cuba adopt a more cooperative approach in the future we may eventually consider changes in our posture, but such changes will be based on a reciprocal process in which Cuba will have to demonstrate its readiness to fulfill its obligations to us. Should such an evolution begin you will be among the first to know, directly from me.

Finally, Antonio, I am concerned about the question of the broader hemispheric dialogue which you raise in your letter. I share your view that the current climate is not conducive to a resuscitation of the new dialogue in a formal sense. But I remain as interested as I always have been in the problem of improved communication within the hemisphere. And I have been greatly heartened by the high quality of dialogue that we witnessed at the recent OAS General Assembly and at the San Jose meeting on the Rio Treaty. Yet it seems to me that on the issues that transcend hemispheric concerns, the Latin American nations themselves need to come to some agreement on how a regional dialogue can be folded into the global debate.

On this issue, as on others, I as always welcome your views. I believe that close consultation between us and our governments will

be an indispensable requisite to any progress we make on the problems which confront both of our nations. Warmest regards, Henry. End text.

Kissinger

123. Telegram 248481/Tosec 160048 From the Department of State to Secretary of State Kissinger¹

Washington, October 18, 1975, 2204Z.

248481/Tosec 160048. Subject: Letter From Brazilian Foreign Minister Silveira. Ref: Secto 16021.

1. Following is English translation of letter to you from Foreign Minister Silveira which was delivered by Brazilian Embassy night of October 17.

2. Begin text of letter:

My dear Henry:

I need not tell you of the pleasure which our two meetings in New York gave me. Bill Rogers must have already made you aware by now of the agreement of the Brazilian Government with the new dates proposed for your visit to Brasília. Genscher has agreed to be here on November 17 through 19. Thus, we will be ready to welcome you on the 20th, when I shall have the pleasure of honoring you with a banquet soon after your arrival. The President will receive you on the 21st; next morning on the 22nd you will be able to fly down to Rio for the weekend which has been promised to Nancy. I also await a word from you

¹ Summary: The Department transmitted a letter from Silveira in which he outlined for Kissinger his concept of the structure of a "special relationship" between Brazil and the United States.

Source: National Archives, RG 59, Central Foreign Policy File, D750362–1106. Confidential; Immediate; Exdis. Repeated Immediate to Brasília. Drafted by Eltz, cleared by Fishlow, approved by Zimmermann. Published from an unsigned copy. Kissinger was in Tokyo. Summaries of the September 22 and 27 Kissinger-Silveira conversations, in which they discussed bilateral and regional issues, are in telegrams 227373 to the Secretary's Delegation in New York, September 24, and 235769 to Brasília, October 3. (Ibid., D750330–0181 and D750342–1215) Kissinger's visit to Brazil was postponed until 1976. The June 1974 Kissinger-Silveira correspondence is referred to in the source note to Document 103. On October 15, Rogers outlined options for Kissinger regarding a bilateral mechanism with Brazil. (National Archives, RG 59, L/ARA Files, Country and General Files, 1965–1979: Lot 81D324, POL 1 BRAZIL, General Policy, 1975) On October 18, Barbian indicated Kissinger wanted "a more formal structure with at least semi-annual meetings." (Telegram Secto 16021 from the Secretary's Delegation in Tokyo, October 18; *ibid.*)

on the suggestion which I conveyed through the Department of State on our joint inauguration of the direct dialing telephone system between Brazil and the U.S.A. It would be a good opportunity, for instance, to make your visit known to the public.

I shall now take up the subject of the establishment of a “special relationship” between our governments, a matter on which I promised to write you. You told me that you are convinced of the need of such a relationship, even though you knew of the political difficulties which would result from making a distinction singling Brazil out from the other nations of the hemisphere. You also asked me to make suggestions on means and formulas which would render that relationship operational, so that there would be something which could be formalized on the occasion of your visit to Brazil. I confess that I find some difficulty in reopening the subject in its substantive aspect, but not in its formal one. From the formal viewpoint the establishment of a “special relationship” between Brazil and the U.S.A. is an issue that could be taken care of through the creation of a special coordinating committee, as I have proposed in my letter to you dated June 6, 1974, to which you replied on the 13th of the same month. Such a committee as contemplated in my proposal would provide the adequate framework, both ample and flexible, for the institution of an operational mechanism at high level for mutual consultation on matters of either individual or common interest of the parties. Such a committee would be different from the traditional joint commission as it would be concerned basically with political consultations.

It is in its substantive aspect that the understanding at which the two governments may arrive appears to me to be less clear. Like you, I believe that what is necessary is that there exist on both sides a clear awareness of this “special relationship” as well as straightforward ideas about what it really signifies. From Brazil’s viewpoint the two aspects are interconnected. Evidently, both Brazil and the United States can live without the formal establishment of a special relationship between the two governments. In the measure, however, that one can be useful to the other for the attainment of certain common or particular aims, this relationship can be really important. Importance, therefore, is the function of the objectives of this relationship.

It is not for me to presume what could be the interests of the United States within a “special relationship” with Brazil. I can state, [omission in the original] be. Basically, in our case, the aim would be to obtain from the United States Government the recognition that an economically strong and prosperous Brazil, as a member of the community of developed countries, will be an important factor in the survival of the values of the Western world. Under these conditions, it is important that no obstacles be raised against the swift economic expansion of

Brazil, through measures which might impede or retard that development. More than this, it is important that this rapid transformation be helped by the creation of favorable conditions for trade expansion, for the diversification of exports, for the increase of Brazil's commercial and economic presence in the world, for domestic industrialization and, above all, for technological modernization under conditions leading to autonomy and creativity rather than perpetuate or increase dependence.

A special coordinating commission, as I see it, should serve to realize a "special relationship" of this type. A joint commission along classic standards would run the risk of merely making us still more dependent. As I mentioned to you in New York, the systems of consultation between highly unequal countries frequently produce the result of not altering the conduct of the stronger and manacle the weaker ones. We have seen examples of this in our own bilateral relations. The United States Government has frequently a multiplicity of reasons not to alter its behavior, be it for reasons of global policy, or for reasons of domestic policy. On certain occasions, it would be said that certain measures are not possible because they could not count on the support of "trade" or other more articulate groups, whether professional or under the pressure of public opinion. On other and more frequent instances, the justification put forward is that of the lack of support by Congress. I cannot omit noting that allegations of the same order, coming from Brazil, are never considered as carrying the same weight or validity.

In sum, my dear Henry, neither my government nor I lack the willingness to attempt to articulate a "special relationship" between Brazil and the United States, a relationship that would be really meaningful for both countries. Naturally, I have taken in full consideration the argument that you presented me in New York in the sense that the Department of State and you yourself need a mechanism of special understanding between the United States and Brazil which would make it possible to prevent some sectors of the American administration from taking abrupt measures, with a negative effect on Brazil. I would like, nonetheless, to be sure that both of us are thinking of the same thing when we talk about a "special relationship" between our countries.

As aiding material for our forthcoming conversation on the subject, I am sending you herewith a few preliminary suggestions aiming at indicating along general lines the format which might be adopted for the commission. I enclose also a copy of the "memorandum of understanding" that I am to sign with the United Kingdom next week, which in my view, establishes an extremely flexible framework for consultations. Warmest regards from Antonio. End text of letter.

124. Action Memorandum From the Assistant Secretary of State for Inter-American Affairs (Rogers) to Secretary of State Kissinger¹

Washington, December 24, 1975.

Response to Brazilian Foreign Minister Silveira's Suggestions for a New Bilateral Mechanism

The Problem

Now that you have approved the recommendations forwarded in my memo of October 31 regarding a new bilateral mechanism with Brazil, and have, in Paris, again expressed to Brazilian Foreign Minister Silveira your agreement to move forward on such a mechanism, you should respond to Silveira's letter of October 16 on this subject.

Background

As agreed during your bilateral meetings with Silveira in September, he sent you on October 16 his suggestions with respect to a new mechanism to formalize bilateral exchanges at the policy level (Tab 2). Silveira's thoughts on the type of mechanism are generally consistent with the outline you approved in my memorandum of October 31 (Tab 3).

In his letter, however, Silveira went beyond the delineation of mechanics and addressed the fundamental question of what we can expect from the bilateral relationship. He made the point that the GOB is interested in a process which will result in greater weight being given to Brazil's views and needs in the formulation of US policies in areas of vital interest to Brazil.

In your October 19 message on the Korea question, you thanked Silveira for his suggestions and told him that you would be back in

¹ Summary: Rogers summarized Silveira's vision of a consultative mechanism between the United States and Brazil, and he recommended that Kissinger inform Silveira of his support for the idea of setting up such a mechanism.

Source: National Archives, RG 59, Central Foreign Policy File, P830109–1749. Confidential; Exdis. Drafted by Eltz on December 23. Attached but not published are Tabs 1–3. Tab 1 is a December 23 draft of the letter transmitted in Document 125. Tab 2 is Silveira's letter transmitted in Document 123. Kissinger and Silveira were in Paris from December 15–17 for a meeting of the CIEC. Although the Paris Kissinger-Silveira memorandum of conversation has not been found, Rogers briefed Kissinger on the topics that Silveira would probably raise: visits of dignitaries, a UN resolution on Zionism, Angola, the bilateral consultative mechanism, and economic issues. (Telegram 295457 to Brasília, December 17; *ibid.*, D750439–0443) The U.S. Government requested that Brazil oppose a UN proposal to withdraw UN troops from South Korea. (Telegram 248497 to Brasília, October 19; *ibid.*, D750363–0006) Brazil decided to abstain.

touch after studying his proposals. Now that we have your approval of a US position, you should respond to the Silveira letter, including some comments on the goals which a more formalized bilateral mechanism can realistically hope to achieve.

Recommendation

That you authorize transmission of the message to Silveira attached at Tab 1.

125. Telegram 2699 From the Department of State to the Embassy in Brazil¹

Washington, January 6, 1976, 2156Z.

2699. Subject: Bilateral Mechanism with Brazil.

1. Please deliver the following message from the Secretary to Foreign Minister Silveira:

2. Begin text: Dear Antonio: I am pleased that we were able to meet in Paris for another personal exchange; it is always helpful to have your considered views and analysis of the challenges we face.

As I mentioned in Paris, I continue to place value on a new bilateral mechanism between the United States and Brazil. Your provocative and thoughtful letter of October 16 on this subject reached me, as you know, during my flight to China. Your detailed suggestions in that letter were very useful. I would like to refer back to them here, in order to move forward towards implementing the general understandings we reached during our New York and Paris meetings so that we have an agreed plan to announce during my visit.

First, I believe as do you, that we should address the question of a "special relationship" in all candor. I trust neither of us is under any illusions or holds misunderstandings of the benefits to be gained from

¹ Summary: Kissinger informed Silveira that he agreed to setting up a consultative mechanism.

Source: National Archives, RG 59, Central Foreign Policy File, D760004-0023. Confidential; Exdis. Drafted by Zimmermann; cleared by Fishlow, Ryan, Einaudi, and Rogers; approved by the Secretary. On February 3, Rogers sent a copy of a Memorandum of Understanding worked out between the Embassy and the Foreign Office which stipulated semi-annual meetings. Kissinger approved the Memorandum of Understanding on February 7. (Ibid., L/ARA Files, Country and General Files, 1965-1979: Lot 81D324, POL 1 BRAZIL, General Policy, 1975)

whatever consultative mechanism we establish. My government fully recognizes that—to use your words—“an economically strong and prosperous Brazil, as a member of the community of developed countries, will be an important factor in the survival of the values of the Western world.” I am aware that the developed countries, and in particular the United States, are frequently suspected of seeking an exclusive predominance in global political and economic affairs. You have my full assurance that this is not our aim. It is neither possible nor desirable to freeze the status quo among nations. To harbor such a goal would be to blind oneself to the whole course of history despite much talk about polarization and “camps” in world affairs, I could never subscribe to the proposition that there is a fixed or inherent division between “developed” and “developing” countries. The sooner the gap is narrowed, if not eliminated, the fewer causes for friction there will be in the world. This has been one of the cardinal aims of our economic assistance programs over the years. And it lies at the heart of our search for new forms of cooperation.

The real difficulties arise not in broad philosophy but in questions of methodology and pace. In this context the thought you expressed in Paris that we can achieve the same goals using different techniques is an intriguing one; I am not certain this is always the case but certainly the concept warrants further exploration in the consultative process. It is natural and understandable that the developing countries should be in a hurry, while the encrustations of law and vested interests dampen a sense of urgency on the part of the developed countries. But all countries require orderly procedures as a prerequisite for progress. The outcome in the final analysis must be responsible compromise affording to the developing countries the necessary opportunities and means to make steady progress in development without simultaneously weakening the global economic and financial structure. My proposals to the Seventh Special Session of the UN constituted a serious effort to just this end.

Brazil, as the most advanced of the developing nations, is in a unique position to appreciate these tensions. And in the context of US-Brazil relations, it is this methodology and pace, particularly in the economic area, that should form an important part of the substance of whatever consultative mechanism we establish. By the nature of things neither of us can be completely responsive to the other, but I would look upon our mechanism as a means of achieving at least some of the goals of each side and offering opportunities for better mutual understanding.

As to questions of form, I find myself in substantial agreement with the ideas expressed in your letter. In essence I concur that the classic joint commission is not the most suitable procedure for our two

countries. What we need is a process that will enable us to provide the political framework for technical consultations. As you suggest this could be accomplished by formal consultations once a year in each country on a rotating basis. We are also in substantial agreement on the composition of delegations. We might therefore consider drawing up a memorandum of understanding along the lines of the one you have signed with the United Kingdom. Having reached a general understanding of the outline for a consultative mechanism to be headed by the two of us, I suggest that if you have no objection we work out the details through routine diplomatic channels. I shall ask our Embassy in Brasília to be in touch with the appropriate members of your staff for this purpose.

With warm personal regards. Henry. End text.

Kissinger

126. Telegram 672 From the Embassy in Brazil to the Department of State¹

Brasília, January 26, 1976, 1355Z.

672. Subject: New Initiatives in Human Rights. Ref: AIDAC 75 State 298250, AIDTO Cir A-687 (12/9/75).

1. We assume that because of the decision to phase out assistance to Brazil, AID financed human rights activities, if carried out here, at all, would be part of AID/W regional funded activities.

2. Brazil's best-known human rights problem is, of course, the arbitrary arrest and mistreatment of people suspected of subversion or of links with organizations deemed to be subversive. We consider this problem, at least at bottom, to be almost totally impervious to direct influence by AID activities. It stems from determined and deep-set attitudes on the part of the security elements in Brazil's Armed

¹ Summary: Crimmins maintained that it was unlikely that direct U.S. Government assistance programs could be used to mitigate human rights abuses, but that regional assistance efforts could be effective.

Source: National Archives, RG 59, Central Foreign Policy File, D760029-0551. Confidential. In an April 25, 1975, letter, Crimmins informed Velloso that the U.S. Government was phasing out its bilateral economic assistance program because of Brazil's rapid economic progress, the redirection of U.S. assistance to relatively less developed nations, and increased U.S. reliance on multilateral channels. (Telegram 9891 from Brasília, November 14, 1975; *ibid.*, D750397-0365)

Forces, elements generally considered to be carrying out their illegal activities contrary to the wishes of the country's chief executive; no conceivable AID program could be aimed directly at them.

3. Indirect efforts, the impact of which would be almost impossible to measure, are conceivable, although they would risk some political costs, especially because Brazil's long-standing international notoriety regarding human rights has made the government extremely sensitive to "outside interference." (Brazil was among the handful of countries which voted with Chile against the recent UN resolution on human rights in that country, and explained its vote on sovereignty grounds.) The GOB has nevertheless shown itself concerned with the damage human-rights violations do to its foreign image, and actions taken by international bodies can be helpful in fostering that concern. A complicating factor is that while multilateral action might well reduce the political costs to any individual nation, direct action—a UN resolution critical of Brazil, for example, or a condemnatory ICJ report mentioning Brazil by name—would almost certainly stiffen government attitudes and reduce the chances of GOB cooperation with international bodies on human rights.

4. Within Brazil, the problem of arbitrary arrest and torture has been taken on by various groups, including the opposition party (MDB), some elements of the Catholic Church (particularly the Justice and Peace Committee in São Paulo), the Order of Brazilian Lawyers, and the São Paulo state journalists' union (on cases involving journalists). These groups would not be appropriate recipients of AID, or even IAF, assistance, but their activity and the signs, however scant, of their usefulness in calling attention to individual cases and calling for just treatment suggest that other groups less connected to national or international institutions, such as lower-level professional associations, neighborhood groups, or legal-aid societies, could be identified and encouraged.

5. Such groups would, of course, have a potential utility far broader than that of assisting the relatively tiny (in national population terms) number of people picked up in the antiradicalism net. Members of Brazil's large underprivileged groups, if accused of a crime, can find themselves caught up in an old-fashioned, overburdened, and inefficient judicial system, unassisted by meaningful legal counsel, subject to long periods of detention awaiting trial, and, if convicted, confined to out-moded, ill-equipped, and overcrowded prisons. In fact the GOB has recently begun a judicial reform effort (aimed essentially at streamlining judicial procedures), although it is still at an early stage. For their part, several state governors have in the recent past constructed model prisons and begun rehabilitation programs.

6. It should be clear from the foregoing that human rights are an extremely sensitive matter in Brazil and internationally for the Brazilian

Government. One element of that sensitivity has to do with the GOB's suspicions, clearly indicated on more than one occasion, about US intentions in the human-rights field. Given the range and importance of our other interests in Brazil, it follows that any idea of USG effort, however indirect, on behalf of human rights in Brazil should be given careful, detailed, and broad policy review.

7. Within the above context, we recommend continuation and/or expansion of the type of cooperative programs summarized in attachment Birnbaum memo (ref Air). While most of these efforts are long range in nature, they are focused on key target groups who should be influential in molding future policies. Specifically, we urge AID/W explore continuation of the SUNYA legislative program in Brazil and renew attempts to establish a regional legal education activity either through a direct institutional contract or in collaboration with the Ford Foundation. USAID/Brazil assisted Ford activities in this area in past through provision of participant training grants. Mission understands University of Illinois (J. Heller) has small legal exchange program with several Brazilian (and other LA) institutions which might serve as vehicle for an expanded program.

8. As far as direct assistance to Brazil is concerned, there is some potential for short-term consultants and observational training in judicial and penitentiary reform and in the development of prison rehabilitation/vocational training programs. No program development exploration has been undertaken because of the USAID phase out. AID/W is undoubtedly aware that assistance in such areas would be politically sensitive in the US because it will be easily misinterpreted and connected with the notoriety of countersubversion violations of human rights; centrally funded or regional projects would probably cause less problem than direct bilateral assistance.

Crimmins

127. Memorandum From the President's Assistant for National Security Affairs (Scowcroft) to President Ford¹

Washington, February 14, 1976.

SUBJECT

Nuclear Negotiations with Brazil

State has forwarded an interagency study regarding steps to be taken in our nuclear negotiations with Brazil (Tab B). Our nuclear cooperation with Brazil to date, carried out under an earlier limited agreement, involved the sale of one power reactor, several research reactors, and the associated fuel. A new agreement is required for the pending purchase of the fuel for two German-built reactors and any possible future sales of U.S. reactors and fuel.

The study contains an analysis of the constraints that we would expect to require in a new agreement to give maximum assurance against the possible use of U.S. equipment, special nuclear material, or technology in any nuclear explosive development that might be contemplated by Brazil. Such constraints are pertinent since Brazil has not joined the Non-Proliferation Treaty (NPT), has not been willing to give a general commitment to accepting safeguards on all of its nuclear facilities, has not ruled out the development of "peaceful nuclear explosives", and has recently contracted with the FRG to acquire uranium enrichment technology and a chemical reprocessing facility to recover plutonium from spent reactor fuel. Although these latter facilities are to be safeguarded by the IAEA, many in the U.S. have expressed concern that placing such potential in Brazilian hands is dangerous, and it may well stimulate Argentina to posture itself for nuclear weapon development.

We have been putting off our negotiations with Brazil (and straining our bilateral relations as a result) for almost two years while trying to devise the substance of a new agreement which would meet our non-proliferation concerns, would hold open the Brazilian market for U.S. reactor and fuel sales, and would have a reasonable chance of being acceptable to Brazil. Now that we have come to an understanding

¹ Summary: An interagency working group devised a process for negotiations with Brazil to prevent the spread of nuclear materials and technology. Low-key exploratory talks would be followed by full-scale negotiations if enough common ground existed.

Source: Ford Library, National Security Adviser, Presidential Country Files for Latin America, Box 2, Brazil (2). Secret. Sent for action. The President approved the recommendation. Attached but not published is Tab A, a February 17 memorandum from Scowcroft to Kissinger, Rumsfeld, Ilk  , and Seamans, notifying them of the President's decision.

with the other major nuclear exporting countries on common export policies to reduce proliferation risk, we are in a position to take the next step with Brazil in trying to reach agreement. Furthermore, a new agreement might offer the opportunity to close some of the loop-holes we perceive in the Brazil-FRG deal; namely we could control Brazilian acquisition of plutonium by limiting the reprocessing of U.S. fuel converted in German reactors. This last would be a definite plus in gaining the requisite Congressional approval for a new agreement with Brazil—and without strong proliferation restraints such approval would be very uncertain.

The study proposes that our contact with Brazil be carried out in two steps: First, low-key exploratory talks, without commitment on either side to proceed further, to determine the Brazilian attitude toward the types of restraints and conditions we have in mind. Following these initial exploratory talks, we would be prepared to proceed with full scale negotiations if our initial contacts reveal a sufficient common ground of mutual interest.

State has requested that you approve the initial exploratory talks. Even though the talks are not intended to involve formal positions or tentative agreement, State feels that the Brazilian nuclear issue is sufficiently sensitive in Congress that it is advisable to have your explicit sanction for a contact with Brazil on this subject. If we were to reach the next stage involving negotiation with Brazil, your approval would then be sought for our detailed negotiating position. ACDA, ERDA, and DOD agree with this approach, and I concur.

The Secretary of State will be in Brazil on February 19, and it may be useful for him to indicate, at that time, our willingness to hold exploratory talks on the question of nuclear cooperation.

Recommendation

That you approve my signing the memorandum at Tab A.

PROPOSED NEGOTIATIONS WITH THE BRAZILIAN GOVERNMENT ON A NEW NUCLEAR AGREEMENT

The Problem

To decide the nature of the position that the United States should take in negotiating a new agreement with Brazil on peaceful nuclear cooperation.

Background/Analysis

Reasons for Proceeding: For more than a year, Brazil has been awaiting our proposals for a revision of the existing ERDA civilian nuclear agreement for cooperation. A draft amendment to the 1972 U.S.-Brazilian Agreement which was presented for the consideration of the Brazil-

ian Government in 1973, was withdrawn by the U.S. in 1974 to permit us to reflect our new and more rigorous non-proliferation policies which were then being considered. However, no substitute draft has yet been forwarded. Moreover, we have consciously deferred our Brazilian negotiations on the grounds that the higher priority Iranian agreement might establish a new frame of reference for all new nuclear agreements. As of late, we have been delaying a resumption of negotiations to await the outcome of the London Suppliers Conference so as to assure that our proposals are compatible with the London consensus. Throughout this period, however, we have repeatedly assured the GOB that our proposals for a new agreement would be forthcoming. Moreover, we have repeatedly expressed a general desire to cooperate with Brazil in the nuclear field as evidenced by Secretary Kissinger's message of June 20 to Foreign Minister Silveira.

Although our nuclear negotiations with Iran are still in progress (with the outcome in doubt), we believe that further delay in responding to Brazilian interests could have serious adverse effects on our overall relationships. Indeed, the U.S. Embassy has ranked the delays in the resumption of our negotiations as one of the most serious sources of strain in our bilateral relations with Brazil. These strains have undoubtedly been heightened by the furor that developed in this country over the recent Brazilian-FRG Agreement, and the charges in Brazil and Germany that U.S. expressions of proliferation concerns about the agreement masked commercial pique over having "lost" a lucrative sale for U.S. suppliers. Elements in the GOB are, at best, interpreting our continued silence as a failure to understand and support Brazil's desire to expand its nuclear power capability as a tool of development.

We thus have a strong incentive to demonstrate that we are still interested in developing a common basis for nuclear cooperation with the GOB. Also, there is only a limited advantage in awaiting the results of our Iranian negotiations, since the two agreements will in any case have their own distinctive features since Iran is an NPT party, whereas Brazil is not. Most importantly, the results of the London Suppliers Group now are clearly in hand for us to take into account in the negotiations. Accordingly, while the challenges in the face of a new U.S.-Brazilian agreement may be formidable, it is in our interest to resume the negotiations as soon as possible to ward off further serious damage to our nuclear relationships. More positively, we also have a very real incentive to seek areas of mutual interest that can convert what has proven to be a troubled technical area into a field of constructive interaction. This could serve to strengthen the overall bilateral relationships. A new agreement with Brazil also could enable us to retain some positive influence over Brazil's future nuclear power program and could serve to preserve some continuing U.S. role in a program of

major national importance to the GOB. Accordingly, this paper recommends the prompt initiation of exploratory talks with the GOB to be followed by full-scale negotiations if a sufficient basis for agreement appears in sight. A series of recommended positions to be employed by the U.S. is also set forth.

[Omitted here are sections entitled "Brazilian Interests," "Key Issues To Be Considered," "Recommendations," and "Conclusion."]

128. Memorandum of Conversation¹

Brasília, February 20, 1976, 10–11 a.m.

SUBJECT

Secretary's Meeting with the President Geisel and Foreign Minister Silveira

PARTICIPANTS

Brasília

President Ernesto Geisel

Foreign Minister Azeredo da Silveira

US

The Secretary

Assistant Secretary William D. Rogers (notetaker)

The Secretary: Mr. President, I would like to thank you for the warm reception I received on my arrival.

President Geisel: We take great pleasure in your visit.

The Secretary: My wife so very much wanted to make the trip. She was hopeful I could delay it.

President Geisel: It is too bad that she is not here.

The Secretary: She would love to come to Brazil.

¹ Summary: President Geisel and Secretary Kissinger discussed petroleum prices, a visit by Geisel to the United States, Brazil's trade deficit with the United States, and Brazil's 200-mile territorial sea claim.

Source: National Archives, RG 59, Central Foreign Policy File, P820117–0826. Secret; Nodis. The conversation was held in Planalto Palace. Drafted by Rogers on February 21 and approved in S on March 12. The February 21 Memorandum of Understanding, in which both nations pledged to hold consultations semi-annually, is in the Department of State *Bulletin*, March 15, 1976, pp. 337–338. In memoranda to Bentley, Woods directed that follow-up memoranda on trade issues, a visit by Geisel, and Brazil's 200-mile territorial sea claim be written. (National Archives, RG 59, Central Foreign Policy File, P820117–0832 and P820117–0833)

President Geisel: Foreign Minister will make all the arrangements for the trip when she is ready to come.

The Secretary: The Foreign Minister and I are really good friends. We see each other frequently, and now we are regularizing those meetings and that relationship with the new Memorandum of Understanding we are signing on Saturday.

President Geisel: Brazil and the United States have good relations now; Silveira reports to me about all his meetings with you.

The Secretary: We understand each other and in the broad sense our objectives are the same, though we may use different tactics to reach those objectives on occasion.

President Geisel: Fundamentally, the US and Brazil are walking the same path. There is not, however, a 100% identity of views on everything. But we understand each other.

The Secretary: That is our conviction. Brazil has grown so that it now can work with the United States without complexes, and on the basis of equality and partnership.

Foreign Minister Silveira: Complexes, indeed! Let me tell you, we have them.

President Geisel: My personal impression is that our relationships, which are already strong, should be intensified in this bilateral framework. We talk in international fora like the OAS and the UN, but there is not yet a sufficiently high level of understanding between our two countries. We need to work more intensively on the bilateral issues between us, with greater reciprocity and understanding.

The Secretary: For our part, we are ready to talk with you and reach bilateral agreement before we meet in multilateral fora, and we are also prepared to work on our bilateral issues.

President Geisel: I don't mean to downplay the importance of the multilateral fora. They exist. But the United States and Brazil need to arrive at a higher understanding between ourselves. There is a good working relationship between you two foreign ministers, and the agreements that you have been able to work out have been good. But the need for greater understanding, in my view, goes beyond the efforts of the Department of State and Itamaraty. It should extend also to intellectuals, to economic, scientific and cultural exchanges. We need more of these.

The United States leads its own life. Not much attention is paid to Brazil in the United States, now, and what is said about Brazil is distorted. Our image is an image of dictatorship, and of violence. This does not correspond to the realities of modern Brazil. We really ought to work out ways in which the understanding of Brazil in the United States may be more profound and more in accord with realities.

The Secretary: Since my trip here in 1962, I have been profoundly convinced that Brazil is destined for world greatness. There is and should be a special partnership between Brazil and the United States. We need to intensify our relationships, not only on the foreign ministerial level, but also on the highest levels. I do hope you will be able to visit the United States this year, for it will provide a great opportunity to symbolize for the people of our country the significance we attach to our relations with Brazil. We are going to propose that you consider the possibility of a visit in September, if that will be convenient. We will work out the precise dates. The two Presidents could symbolize together, in this way, the special relationships we see between our two countries. As far as we are concerned, its domestic organization is Brazil's concern. We have trouble enough conducting our own domestic policy, without trying to conduct yours.

President Geisel: You are right, but this is not the prevailing attitude in the United States.

The Secretary: There are a lot of frustrated missionaries in my country.

President Geisel: I take great pleasure in receiving the invitation of President Ford to visit the United States, and I would really like to see the President. But speaking frankly, there is one difficulty which is stuck in my throat. It is hard for me to envisage a visit just now, in view of the problem for us which arises from the foreign commercial policy of the United States, which is not yet overcome. You know, we had a serious problem with the increase in petroleum prices. We have not overcome that yet, entirely. In addition, there is the more recent problem of our grave imbalance of payments. The United States is a very important part of this problem. Our deficit in trade with your country is US \$1.5 billion. The US under its law, creates more restraints all the time on our exports. I don't know whether this is right or wrong, but it places me in a difficult position. This is the difficulty with a visit by me. It is impossible for public opinion here to understand how two good friends can have such difficult problems. I speak frankly.

The Secretary: The difficulty is that we operate under severe congressional restrictions now. Sometimes these are so severe that they destroy the very design of our foreign policy. As I said in my toast, we approach these issues within a political framework, not as a matter of economic detail. And we are prepared to work hard for an international agreement in Geneva to govern subsidies and countervailing duties. But we must solve this issue somehow. It is just not worthy of great countries to haggle about shoes.

President Geisel: I agree. I read both speeches at the banquet. We can't consider these matters as merely economic. They vitally affect our political relations. I also understand that Congress is under heavy

pressure in trade questions, but, really, we also have to recognize that the trade balance between the United States and Brazil is the Achilles heel of the development of Brazil. We are having a very difficult struggle this year, and we cannot minimize it. So I emphasize that we must struggle for a solution, for this is Brazil's truly great problem.

The Secretary: Relations with Congress are going to be tough this year, without a doubt. The new President, I think, will have a stronger hand. I am also persuaded, incidentally, that President Ford will win. The Democrats have no issue.

President Geisel: (In English) What about Kennedy?

The Secretary: I think, that Kennedy really doesn't want it. Mr. Rogers knows him. What is your opinion, Bill? I think, also, that if Kennedy got the nomination, he would either win a tremendous victory or suffer a tremendous defeat. The US public doesn't want a movie star this year. They want a steady, strong leader. If Eisenhower were around, he would win. But I really don't think my theory about Kennedy will be tested. More likely than Kennedy, I think Humphrey will get the Democratic nomination. You know, I am not a Republican. I have worked with Democratic Presidents. But I often wonder, when I look at the catalog of Democratic candidates, just where in life it occurred to people like Carter, Bayh and Udall that they should begin their executive careers by becoming President. One of the group may well win the nomination. My thinking is that if they do, they will be defeated by President Ford.

President Geisel: Your prediction is valuable to me, and is, in fact, very like mine, even though I confess to you that I am fairly ignorant about US politics. But it is evident, to me, that this year Congress is going to be strong. The new President next year, on the other hand, is bound to be stronger than President Ford is now. And this, I think, will make our relationship stronger. It could remove some of the stones which are now in our path.

The Secretary: But to return to our basic problem, what we need is to create the political will to deal with and control the technical agencies. This is the importance of my visit, as I see it, to establish control over the technical agencies.

President Geisel: I share a profound conviction that our two countries must be closer. There are many reasons for this, and I am prepared to do all I can to help. But may I ask an indiscreet question? How will the US settle the problem of Congress' establishing a 200-mile limit? Will it fight Congress, or accept it?

The Secretary: Mr. President, there are no indiscreet questions between us. We should indeed speak frankly. In this spirit, I say to you that the State Department wants to settle that issue as part of an

overall international agreement. For this reason, the President does not want a confrontation with the Congress this year on it. He is working out ways to delay action, and we are developing procedures for that purpose, so that there can be Congressional delay until after the Law of the Sea Conference. While we're on this, let me also mention the deep sea issue. We have tremendous pressures, particularly in the Congress, to start exploitation of these resources. We want, though, to settle both issues through international agreement. Brazil's role, Mr. President, could be decisive on this. I hope we can work together.

President Geisel: I am in accord on that. We are prepared to see how we can use our influence to help the Law of the Sea Conference. We should continue to avoid difficulty and confrontation. You are also right, and I agree, that we need a joint study between our two countries, to see if we can work out a line of action, for we want to settle the matter, not have a crisis. The seabeds are going to be very important to mankind. As we use up our surface resources, we are going to be turning increasingly to the deep seas.

The Secretary: Our technical people in New York should intensify their discussions, then, for this will be a good year to settle the question.

President Geisel: The US has moved ahead in technology in this area, and we therefore need close cooperation. Brazil is prepared to cooperate. You are right that the matter should be settled in a global framework, otherwise, there might be a real conflict. If the US begins exploitation alone, there would be serious friction, and all the other countries would be on the other side. For this reason, we should keep exploring for joint solutions with you.

The Secretary: This is exactly our view, Mr. President.

President Geisel: Well, we will see you at the football game tomorrow.

The Secretary: You know I saw the Brazilian team in Mexico in 1970. It had a really great offensive, and I found it very exciting.

President Geisel: The Brazilians do get excited about football. It has even political significance here. In 1974, the President attended the first game—like tomorrow's—which begins the process of selecting the national team. That team lost the World Cup, and the Government party then lost the elections. Some people think the two events were connected. So you can see why I am preoccupied in selecting a really good team, starting tomorrow, for the 1978 World Cup.

The Secretary: Thank you Mr. President. It has been a great honor.

129. Memorandum From the President's Assistant for National Security Affairs (Scowcroft) to President Ford¹

Washington, February 22, 1976.

Secretary Kissinger has asked that I pass you the following report.

"The reception here in Brazil has been warm, and the warmth is not artificial; it reflects a basically friendly attitude about the United States in Brazil.

"Brazil is important. It is the largest and most powerful Latin American nation, with continental geography and continental resources and power potential.

"Brazil has gone to extreme lengths to demonstrate the friendship with the United States in the two days I have been here. Some measure of the Brazilian response was suggested by the fact that the other ambassadors here have concluded that the welcome was an order of magnitude warmer, and the press coverage ten times more extensive, than that accorded the French and the German foreign ministers who were recently here.

"This is a big country, with a big heart and a faith in its greatness and its future which makes it possible for them to deal with us without complexes. Among the President and his close advisers I have found a basically healthy attitude about the United States and a considerable regard for you.

"They take a world view. Furthermore, the interest by Brazil in world affairs—SALT, the opening to China, détente, the Middle East—is the interest of serious men, not dilettantes, for they think that they have a world role to play.

"Indeed, they are right. I have tried to say as much while I was here. The thrust of my statements, public and private, have been that Brazil is emerging on the world scene, that the United States welcomes this, that Brazil will make a positive contribution to the future world order and that we are prepared to work with Brazil, intensively, in consultation on bilateral and world problems of common interest.

"This is of more than diplomatic significance. Brazil counts. Its voice means much in international councils; it is, for example, the key to the resolution of the deep sea question, without which the Law of

¹ Summary: Scowcroft transmitted to President Ford a report from Kissinger on his visit to Brazil.

Source: Library of Congress, Manuscript Division, Kissinger Papers, Box CL 176, Geopolitical File, Latin America, Trips, February 1976, Trip Book, Folder 10. Secret; Sensitive. Sent for information. Ford initialed the memorandum.

the Sea Conference cannot succeed. Its trade and finance are important in the global scheme of things. It is becoming a world power. This is what must be understood for any fair assessment of what strong relations with Brazil mean to us. If Brazil should turn against us in world affairs we would lose a good friend and face a much more complicated situation.

"The Cuba issue has intruded itself into the press questioning. I have tried to make clear that I am not here to organize a crusade against Cuba. I have said that we ourselves will not stand idly by in the face of further provocative interventionist expeditions by Cuba. But we will do what we need to do, and we are not trying to organize others, even Brazil, to line up with us. The point is sensitive here, however, since the present Foreign Minister was an advocate of early recognition of the MPLA Government. This has not sat well with his vigorous anti-Communist President, and his military colleagues.

"Brazil is indeed a military government, but one less blatantly so than Peru. Here, no one wears a uniform to the office, the government does not style itself, as the Peruvians do, the military government of Brazil. There is no feeling here that the military are the Jesuits of a new order, but rather that they are one part of a total national effort. There is a sense of movement toward more participation and more democracy. The President's chief advisor, General Golbery, who looks like a grade school mathematics teacher and talks like a speculation philosopher, made the point. He puts it that Brazil has moved from dictatorship to authoritarianism, and is now moving to democracy. The question is how fast, not whether.

"The major irritant to our relations—the thing that stuck in his throat, as the President put it—is the \$1.6 billion trade deficit between the U.S. and Brazil, and the impression here that, rather than help, the United States is piling up one trade restriction after another against Brazil's exports. The President even went so far as to say that he would find it hard to explain to his public how he could travel to the United States while the problem is unsolved. We had good talks on the subject and the Brazilians put forward an interesting idea which I shall discuss with Simon upon my return.

"I confess I really like the Brazilians. The President is a protestant, gentle in the Brazilian mode, but firm, a real father figure, and, I think, incapable of cruelty or of tolerating cruelty. The others, except for Golbery, were all civilians; again, another difference from Peru, and civilians, I add, who are on top of their responsibilities, competent, armed with the facts, able to face them, and with a program for meeting Brazil's economic and balance of payments crisis. The Minister of Finance and the Minister of Planning are both as able as any official in the entire hemisphere; they will be in Washington regularly in the coming months, and well worth meeting.

“In short, the spirit of the visit was warm; the talks, businesslike; the results, in my view, highly beneficial, for our long term interests in this hemisphere and in the world.”

130. Telegram 1718 From the Embassy in Brazil to the Department of State¹

Brasília, February 25, 1976, 1630Z.

1718. Pass AID. Subject: Ambassador's Assessment of U.S. Security Assistance for FY 1977. Ref: (A) State 036160, (B) 75 Brasília 10957.

Summary: Since the Brazilian Armed Forces are likely to continue to be the predominant power base for Brazil's Government for the foreseeable future, a primary goal of U.S. policy toward Brazil should be the maintenance of the U.S. orientation of the Armed Forces, who, to a large degree, view Brazil's security and foreign policy interests as being compatible with those of the U.S. This target group will continue to be important over the next several years as Brazil assumes a larger role in the world and the opportunities for divergence from the U.S. increase. The Security Assistance Program is a major tool for preserving our access to the military sector, securing commercial benefits, and promoting the modernization of the Brazilian Armed Forces for a possible contribution to the "total force concept". (The nature of that contribution being as yet undefined.) While Brazil's ability to use FMS credit has diminished because of growing balance of payments problems, to further the foregoing interests and preserve its advantageous position for future as reliable military partner and supplier, U.S. should provide level of credit adequate to meet basic undeferrable needs of Brazilian forces on appealing terms. End summary.

1. Brazil occupies half the land area of South America, has a population of 110 million, and experienced a period of very rapid and well managed economic growth between 1968 and 1974. Though now con-

¹ Summary: The Ambassador informed the Department that the U.S. military assistance program for Brazil was important for maintaining access to the military in Brazil, which would be the predominant group exercising political power in the near term.

Source: National Archives, RG 59, Central Foreign Policy File, D760071–0513. Secret; Immediate. Repeated to JCS, OSD (IA/DSAA), SOUTHCOM, Rio de Janeiro for the Consulate and the Joint U.S.-Brazil Military Commission, and São Paulo. In telegram 36160 to multiple American Republic posts, February 13, the Department transmitted information on military assistance levels for FY 1977. (Ibid., D760056–1006)

siderably below the 9–10 percent growth rate of that period, the present rate of 4–5 percent still compares favorably with that of other LDC's in current world-wide economic slump. It has major quantities of natural resources, some of them of importance to the U.S. and a large and expanding industrial base. As a result, Brazil exercises considerable influence on its neighbors, and has demonstrated its potential for eventual world power status and its determination to attain it. Its long coastline abuts on important sea lines of communication, and, at its eastern extension, is only 1700 miles from the African continent. Brazil is a major market for U.S. goods and services, and attracts a high level of U.S. investment. During 1975, Brazilian imports from the U.S. reached \$3 billion, making it our seventh largest market—second only to Mexico, in Latin America, and larger than France or Italy. U.S. direct investment in Brazil through 1975 was \$3.2 billion, the largest in any Latin American country. In terms of global U.S. interests, Brazil, as it strives to realize its impressive potential, will take on increasing weight in the collective resolution of the critical issues of world interdependence. Given its intention to seek a better distribution of world wealth and economic power and its important role in the collective LDC effort to this end, Brazil will probably find itself frequently differing with the U.S. in international and hemispheric forums and resisting U.S. action it regards as restrictions on its freedom of action.

2. Since 1964, the Brazilian Armed Forces have provided the power base for the government. They are likely to continue their pivotal political role for the immediately foreseeable future. The Armed Forces therefore are a primary target group in pursuit of broad U.S. objectives. Our military relationship with Brazil has continued since our World War II alliance when Brazilian and U.S. troops fought side by side in Italy. Subsequently, this relationship was developed into what the majority of Brazilian military consider to be a "special tie" with the U.S., through continued linkage through the Joint Brazil-U.S. Military and Defense Commissions (JBUSMC and JBUSDC) and through use of U.S. military equipment, doctrine, and management and organization techniques. After the 1964 revolution, this relationship continued, but was restricted by such factors as the limitations on U.S. military sales to Latin America; the steady reduction in recent years of most forms of U.S. military assistance; and the evolution of the Brazilian Armed Forces into a more self-reliant, autonomous institution capable of developing its own doctrine, management, and training, and supplying a good deal of its own material requirements. In part because of U.S. sales limitations, some 90 percent of Brazil's foreign military purchases in the period 1966 to 1970 came from third-country sources. Although the past four years have seen an increased share of U.S. supply of Brazil's equipment needs, third-country suppliers retain a significant

position. We recognize that we cannot base our military relationship on equipment supply and associated logistics support so firmly as we have in the past. As indicated above, Brazil will tend to reject any form of relationship that indicates a client status as it moves toward world status. Our objectives should be, rather, in the longer term, to foster a mature, non-paternalistic partnership that depends not so much on assistance in the development of the Brazilian Armed Forces as on the acceptance of mutually perceived parallel strategic goals and an underlying convergence of national interests. Given the possibilities for divergences noted in paragraph 1, this will be no easy task, and throughout the rest of the 1970's and, perhaps, beyond, the readiness of the U.S. to meet reasonable Brazilian equipment needs on favorable terms will continue to be a major building block for a mature relationship with the Brazilian military. In broader sense, our military relationship with Brazil gives us an excellent opportunity to demonstrate by our actions in an important sector a fundamental precept in our larger policy toward Brazil, that is, that the U.S. accepts and welcomes Brazil's emergence as a major power and that it is prepared to contribute to the attendant modernization process in Brazil.

3. The goals of the Security Assistance Program should, therefore, be (A) the maintenance and enhancement of the U.S. orientation of the Brazilian Armed Forces, (B) preservation of Brazilian preference for U.S. technology and organization, with attendant commercial benefits to the U.S. where appropriate, and (C) improvement of Brazilian capabilities to take part in a "total force" structure, should that participation, as yet undefined, turn out to be important. Success in moving toward these goals should assist us in deriving military, and by extension political, benefits from our relationship with Brazil, such as (A) preservation of military as a pro-U.S. power group well placed to influence the internal decision-making process and the country's overall political evolution; (B) Brazilian cooperation in the solution of international problems (a primary U.S. interest in the Embassy's CASP submission); (C) the possible provision of Brazilian bases, facilities and transit rights in a general emergency involving the U.S. and the USSR in protracted conventional operations; and (D) under the same circumstances, Brazilian assistance in protecting sea lines of communications; and (E) cooperative attitude of Brazilian military in specialized, quasi-military U.S. programs, such as mapping, or on issues such as Law of the Sea or fishing jurisdictions where concern and involvement of military may be significant.

4. The Security Assistance Program and plan as recommended is designed to be responsive to the primary modernization needs of the Brazilian Armed Forces and is based largely on common evaluation carried out within the joint Brazil-U.S. Military Commission. In general,

the Army is organizing into highly mobile brigade organizations and its needs are modern weapons, communications and transportation. Emphasis will be on anti-tank missile system, an air defense system, new families of light and self-propelled artillery, tanks and armored personnel carriers, engineer equipment and communications. Army planning looks to the attainment of improved capabilities in both internal and regional stability. Training programs will be designed to achieve and sustain proficiency in the maintenance and operation of the more sophisticated equipment. The Navy effort is directed principally at strengthening the anti-submarine warfare (ASW) capability. Destroyers and helicopters will increase Brazilian capabilities for ASW screening and convoy and search and detection capabilities. Standard missiles and modern torpedoes will correct serious deficiencies in the AAW and ASW capabilities of the Navy. Strengthening the Brazilian Marine Corps is also a Navy goal and amphibious vehicles, armament and engineering equipment will, along with continued training and exercises, increase the Corps' effectiveness. The Brazilian Air Force modernization is planned to permit it to carry out its air defense and support roles. F-5 aircraft, as acquired within the time frame of the plan, have satisfied the BAF requirement for a ground support aircraft as well as the defense of bases and areas. Acquisition of heavy transport and ASW aircraft and helicopters will augment the BAF capability to support the Army and the Navy in their principal roles as well as to increase its ability to support GOB "civic-action" in developing or remote areas of Brazil. The Brazilian Armed Forces are fully capable of utilizing and maintaining the proposed levels and types of equipment and the recommended training levels will enhance the capabilities of the Brazilian Armed Forces to operate and manage their forces.

5. Economic assistance granted to Brazil by third countries has not been of major proportions, with major Western European countries and Canada providing a total of \$5 million to \$6 million yearly, mostly in form of technical assistance. Substantial inflows from third countries are more likely to come in terms of direct investment and financial loans rather than concessional assistance. Brazil received \$5.8 billion in capital (net) of this type from all sources during CY 1974 and almost 5.4 billion (estimated) in CY 1975. Prospects for CY 1976 are for continued inflows of this kind. Third-country concessional military assistance (almost exclusively training and visits) has had an insignificant impact on Brazil's balance of payments. Brazil receives substantial Aid from multilateral donors such as the World Bank and the IDB. The IDB's 1975-77 loan program for Brazil foresees total possible loans of \$380 million for 1975, and \$595 million for 1976-77, mainly in the field of agriculture, energy production, education, public health and industry. The IBRD's proposed projects for the next few years in Brazil foresee

an annual average of loans of approximately \$500 million per year, mainly in the fields of transportation, industry, energy production, and agriculture. Although these figures are probably larger than the actual disbursement they are indicative of Brazil's capability to absorb major projects. They also put into perspective the government's relatively minor commitment of resources to military procurement.

6. We have no estimate for the scale of third-country military assistance likely to be offered to Brazil in FY 77. Should, however, the record of the recent past—which saw, for example, major purchases by Brazil of military aircraft from France and ships from Britain and Germany—be indicative of the future, third-country military suppliers will continue aggressively to pursue major equipment sales to Brazil with the advantage of attractive government-sponsored credit.

7. As set out in POM submissions of the recent past, the Security Assistance Program represented a carefully tailored package for meeting the priority needs of the Brazilian Armed Forces and maintaining U.S. influence as a supplier. The approved programs provided sufficient attention to Navy and Air Force needs to keep the U.S. in contact with the procurement plans for these services. (The Brazilian Army has no current plans to use FMS credit.) As pointed out in recent messages (Brasília 10957), the Brazilian Government's responses during 1975 to a serious balance of payment problem, involving additional import restrictions and tightened controls on the use of foreign exchange, have caused the Brazilian military to reduce sharply its intended procurement of military equipment from foreign sources. Restraints on foreign purchases are expected to be tightest during FY 1977, with Brazilian military able to use not more than \$50 million of FMS credit—\$40 million less than the previously approved ceiling. We expect the need for FMS credit to begin rising again slowly after FY 1977 as economic conditions improve though a tendency on the part of the Brazilian military to procure more items domestically or from third-country sources may keep FMS credit requirements during next five years well below earlier estimates. In view of this expected increase in competition from domestic and third-country suppliers and more selective use by Brazil of its foreign military procurement dollars, the US willingness to continue meeting at least basic Brazilian credit needs will be important factor in preserving position of U.S. suppliers in an at least temporarily shrinking market and in maintaining image of U.S. as a credible and cooperative defense partner and as a consistently reliable source for basic equipment on favorable terms. By protecting its position in this sense at time of financial stringency, U.S. could remain in strong competitive position for future when Brazilian military may be in position to resume even higher level of foreign procurement. In view of Brazil's current unfavorable balance of payments situation,

I believe that, as indicated in the Mission's POM, FMS credit levels for Brazil along the following lines are required to meet basic needs and preserve the U.S. position:

FY77	FY78	FY79	FY80	FY81
\$50M	\$55M	\$60M	\$60M	\$60M

We estimate that Brazil's overall military modernization requirements, as related to the JSOP objective force, will involve the expenditure by Brazil of about \$1.5 billion over the next decade. We believe, further, that the Brazilian Armed Forces are firmly committed to carrying out this modernization, and that, except in case of a prolonged and drastic slowdown in the national economy, they will do so. Allocation of FMS credit resources at the level recommended above during the planning period will serve U.S. political, commercial and security objectives in Brazil. Furthermore, as noted in the FY 76-77 CASP submission, I am concerned that the FMS credit offered to Brazil be at a sufficiently low credit cost to be fully competitive with third-country offers.

8. Another important element of the Security Assistance Program, though modest in cost, is the training program. The value of the training program to the Brazilian Armed Forces, and to the U.S. effort to maintain channels of influence to them, exceeds its nominal cost in grant funds. The current planning level of \$1.1 million for this activity is necessary to permit continued efforts on our part to maintain the U.S. orientation of the younger officers of the Brazilian Armed Forces. The program is used in high priority, high impact technical and professional assistance, and demonstrates continuing U.S. interest in, and concern for, the development of the Brazilian military forces. The training courses are closely aligned with Brazilian participation in the FMS program and are an effective influence on planning for purchase, operation and maintenance of military equipment. Orientation visits, which bring to the U.S. the cream of the professional military class, have significant professional impact, and moreover, give the trainee an exposure to U.S. Government, culture and political systems. The increased MAP-T level will, however, do no more than compensate to some extent for real losses suffered through inflation. Given Brazil's growing interest to the U.S. in global terms and the possibilities for differences with the U.S. deriving from Brazil's pursuit of a world role, I am especially interested that we increase our impact on the younger, middle grade officers. We should recognize that the highly influential group of senior military officers whose bonds with their U.S. counterparts were forged in World War II is passing from the scene. Younger Brazilian officers do not share these bonds, and, in many cases, harbor

reservations toward the U.S., stemming not only from an emotional reaction to criticism of Brazil from U.S. sources, but also from ignorance or misinterpretation of the complex and changing social and political fabric of the U.S. Furthermore, even though the Brazilian military establishment is essentially hierarchical, what they might see as unfavorable results of the political liberalization process or some severe economic failure could tempt the younger officers to seek a political role. Similarly, the younger officers may be particularly inclined to sympathize with or even encourage increasing third-world tendencies of Brazilian foreign policy or to be attracted to view now widely held among civilian foreign policy specialists that U.S. efforts to preserve world order and resist expansionism is less relevant now to Brazil's basic interests.

9. I am aware that MAP-T activities, within their functional goal of contributing to the Security Assistance Program, cannot and should not be diverted to other purposes. I believe, however, that we can go some way toward accomplishing our objective to get in better touch with younger officers through increased exchange activities. I recommend that consideration be given to (A) increasing and expanding our participation with the Brazilian Armed Forces in personnel and instructor exchange programs and (B) the expansion of the Army Foreign Area Officer Program for Brazil and institution of similar programs for the Navy and Air Force. I believe there are also substantial possibilities for exerting U.S. influence on the Brazilian Armed Forces through the exchange of research and development and technical information, and I again urge that the Department give early and favorable consideration to execution of the pending master agreement on this activity with Brazil.

10. The Security Assistance Program is, therefore, a major program in our efforts to keep and expand channels of influence to a very important Brazilian leadership group.

Crimmins

131. Telegram 2212 From the Embassy in Brazil to the Department of State¹

Brasília, March 12, 1976, 1900Z.

2212. Subject: Human Rights: 1976 Reporting Requirement: Brazil.
Ref: State 045319.

1. Following is summary of airgram (Brasília A-11) pouched March 12, 1976: Brazilian constitution provides normal legal guarantees and human-rights provisions, and also provides for state of siege. Instead of using latter, however, government has armed itself with "exceptional measures" (including Institutional Act-5) which in effect enable executive to operate outside constitution. Constitution declares these measures are in force, and while there has been discussion of incorporating them in constitution in attenuated form, government shows no sign of relinquishing them.

2. Principal focus of international concern has been on arbitrary arrest, torture, and imprisonment for political crimes of association or opinion. Geisel administration's efforts to bring security apparatus under control and end its notorious abuses have seen gains and losses for both sides, but at present time administration has advantage. Deaths around turn of year of two prisoners in Army custody in São Paulo led to moves to establish tighter controls in São Paulo under new commander, while other commands have adopted more open and positive approach. Reports indicate persons not now being tortured and outcry on arrests as they occur is being met with prompt response. Practice is new, however, fight against subversion continues, and as long as arrests go on, potential for abuses remains.

3. Thus, government is opposed to mistreatment of prisoners and has taken steps to end abuses. Inhibitions against death-squad activities have included formal judicial action, but threat of removal from office appears to be only inhibition in real terms against mistreatment of alleged subversives. Detainees' right to complain of mistreatment and subsequent investigations have normally not been allowed to affect trial outcome or lead to effective corrective action.

¹ Summary: Ambassador Crimmins reported on steps taken by the Embassy to impress upon Brazilian officials the U.S. Government's concern regarding human rights abuses.

Source: National Archives, RG 59, Central Foreign Policy File, D760095-0954. Confidential. In telegram 45319 to all diplomatic posts, February 25, the Department requested information and analysis regarding human rights abuses in countries receiving U.S. economic development or military assistance. (Ibid., D760071-0412) Airgram A-11, March 12, is *ibid.*, P760041-0592.

4. Only recent and available report we know of is Amnesty International report for 1974/1975, which Department holds. We find report largely relevant and accurate. UN Human Rights Commission has again delayed release of its pending report on alleged human-rights violations in Brazil.

5. Ambassador, Embassy officers, AID representatives, and senior officers of US Military Mission have discussed human rights with appropriate Brazilian officials, and Embassy and Consulate officers, and USIS through carefully targeted information program, have also sought to convey US concern in contact with Congressmen, journalists, lawyers, police officials, and churchmen. Ambassador's speech on human rights in US constitutional development and vigorous Embassy efforts on behalf of US citizen Fred Morris gave important support to this end. In that torture is seen as practice of small minority rather than of Brazilian military as an institution, US security assistance is not seen as fueling repressive practices.

Crimmins

132. Telegram 2584 From the Embassy in Brazil to the Department of State¹

Brasília, March 25, 1976, 2120Z.

2584. Pass Treasury for Suchman, Parsky and Bushnell. Subject: Trade Problems.

1. Summary: Francisco Dornelles of Finance Ministry has returned from his recent trip to Washington in a very optimistic mood and expects resolution of shoe problem would put Brazil in a favorable position against other shoe exporters to the U.S. Embassy is concerned that this optimism may be premature. If shoe decision should be different from present Brazilian expectations, we must expect a very strong negative reaction, thus undoing a good deal of the benefit of Secretary Kissinger's visit.

End summary.

¹ Summary: Ambassador Crimmins reported that if the U.S. Government increased tariffs on imports of Brazilian shoes, it would undo a significant portion of the goodwill generated by Secretary Kissinger's recent visit and Secretary Simon's prospective visit.

Source: National Archives, RG 59, Central Foreign Policy File, D760113–0692. Confidential; Immediate; Exdis.

2. Francisco Dornelles of the Finance Ministry called in FinAtt late afternoon of March 24 to review the results of his most recent trip to Washington. Dornelles made two main points:

A. He was hopeful that the President's decision on the escape clause action on shoes would come out in such a way as to place Brazil in the same competitive position in the U.S. market as other exporting countries. By this he meant two things: (1) That the President's determination would provide for an across-the-board tariff increase and (2) that Treasury would exercise its waiver authority under the Trade Act and suspend countervailing duties as a result of the implementation of such a Presidential decision.

B. That the Presidential determination not close off the possibilities of further Brazilian penetration of the U.S. shoe market. In other words, Brazil would have difficulty with the tariff-quota mechanism.

3. Dornelles characterized the meetings with Treasury and others in Washington as extremely friendly and described his trip as an unqualified success, which proved wrong his earlier hesitancy about participating in the sub-group meetings. He was particularly happy with what he said was Treasury's agreement to exercise its waiver authority under the Trade Act, after the President's determination was put into force, and suspend the current countervailing duties without rpt without the Brazilian side's having to change their export incentive system. He claimed that he had received firm assurance on this from Assistant Secretaries Macdonald and Parsky. Dornelles has also returned with the clear impression that the shoe decision will be an across-the-board tariff increase, which, with the suspension of the countervailing duties, would put Brazil in a very good competitive position vis-à-vis other exporters. He said he had obtained this impression after talking with Ambassador Yeutter and Treasury officials.

4. Dornelles made two other specific requests: (A) that we give him advance notice on the ITC decision so that he can fly to Washington and settle any outstanding problems that may require solution to complete the scenario outlined above and (B) that all arrangements for the forthcoming visit of Secretary Simon (including the agenda) be made through us and not through the Brazilian Embassy Washington and the Foreign Ministry. He said Simonsen wishes to keep the visit within Treasury/Ministry of Finance channel.

5. In response to the question as to why he had not pursued Simonsen's idea put to Secretary Kissinger for some kind of a broad interim agreement on the Brazilian system of subsidies, Dornelles replied that the Minister had not really thought through his scheme and any move in that direction would require at least one year to work out and implement. When FinAtt mentioned the problem of third/country actions such as the one being contemplated on soybean oil by

the American soybean producers, he said that these problems could be handled on a case-by-case basis. In fact, he claimed that after talking to Valentini of the Ministry of Agriculture he was certain that the offending subsidy will be withheld as promised by Valentini in Washington. When it was mentioned to him that Washington was seeking some very definitive assurances in this regard in order to stave off a trade complaint from the American soybean producers, Dornelles offered his services in trying to persuade the Ministry of Agriculture to withdraw the subsidies should our own efforts with the Ministry of Agriculture not prove fruitful.

6. Comment: Dornelles has apparently returned with very fixed ideas about what we are prepared to do to solve the shoe problem. While the Embassy would welcome the kind of outcome Dornelles is expecting, we are not aware that any decision is imminent; thus, his optimism would at best seem premature. We have received other indications that the Brazilians have concluded from the Washington meetings that Secretary Kissinger's trip has very definitely improved the political climate on trade issues from their standpoint and that progress can be made without the Brazilian side having to give much, at least for the time being. We are not sure whether this optimism may not have raised unrealistic expectations which, if not realized, would in the long run do more harm than good to our relations with Brazil. Given Dornelles' own interpretation of what was said on shoes, there is the very real danger that, unless the final decision comes out the way he expects, the benefits from Secretary Kissinger's visit and the expected good effects of Secretary Simon's visit will be greatly diminished.

Crimmins

133. Telegram 111035 From the Department of State to the Embassy in Brazil¹

Washington, May 8, 1976, 0028Z.

111035. Subject: Letter From the Secretary to Brazilian Foreign Minister Silveira.

1. Please deliver following letter to Foreign Minister Silveira from the Secretary.

2. Begin text: Dear Antonio: I am delighted that we need not be further preoccupied by the concerns you expressed in your last two letters regarding the outcome of the escape clause action on shoes. Since I was unable to give you the good news of the President's decision myself, I asked Bill Rogers to call you on my behalf. He has told me that you are happy with the outcome which, by the way, reflected my own strong recommendations.

3. Our governments are now in a position to discuss in concrete terms the relationship between adjustment assistance and a waiver of the countervailing duty on footwear. I defer to Bill Simon and his experts on this subject, but in light of the adjustment assistance route, I doubt that a waiver can be legally granted unless your government modifies current export incentives for footwear.

4. On another subject, it was gratifying to learn from Ambassador Crimmins of your personal support for the establishment of a U.S. Trade Center in São Paulo. I share your view that your government's decision should rest on its merits, not on unrelated trade issues. I have no doubt that the center would serve the interests of both our economies. It would stimulate the flow of capital equipment Brazil will need to support its development priorities; it would also encourage direct investment by U.S. firms previously unfamiliar with your country's burgeoning markets. To operate effectively, the center will need import facilities similar to those enjoyed by Brazilian firms participating

¹ Summary: In a letter to Silveira, Kissinger discussed the possibility of a waiver of a countervailing duty on Brazilian footwear and other trade issues.

Source: National Archives, RG 59, Central Foreign Policy File, D760177-0409. Confidential; Immediate; Exdis. Drafted by Shugart, cleared by Zimmermann and Rogers, approved by Kissinger. Repeated Immediate to São Paulo. In telegrams 79100 and 91811 to Brasília, April 2 and April 16, the Embassy transmitted messages from Silveira to Kissinger that informed Kissinger that increased tariffs on Brazilian footwear would damage bilateral relations. (Ibid., D760124-0101 and *ibid.*, D760144-0506) On April 12, Seidman laid out the options for Ford with regard to import relief for the domestic footwear industry. (Ford Library, Papers of L. William Seidman, Box 1, Briefing Papers, April 1976, Duplicates, Classified) On April 16, Ford, in Economic Policy Decision Memorandum 8, decided not to provide import relief for the domestic footwear industry. (Ibid., Box 57, Executive Policy Board Subject Files, Policy Board Decision Memoranda)

in numerous trade fairs held each year in the United States. I hope that your government can see its way clear to approve this proposal.

5. Antonio, I think the way is now clear for real progress in addressing our outstanding trade problems. The next major step in that direction is Bill Simon's visit to Brazil. I know you share my hope that his consultations there will lead to the kind of tangible results we both had in mind when signing the Memorandum of Understanding two months ago. Warm regards, Henry A. Kissinger. End text.

Sisco

134. Memorandum From Secretary of the Treasury Simon to President Ford¹

Washington, May 24, 1976.

SUBJECT

Trip to Chile, Brazil and Mexico

The purpose of my trip was to explore ways in which we could develop closer economic ties with the countries of Latin America. Economic cooperation in Latin America can bring not only economic benefits to the United States but also can assist us in our foreign policy goals in that part of the world. We have been able to develop such a parallel economic and political approach in the Middle East, and based on my experiences in these three countries, I believe we can also do it in Latin America.

Each of the countries I visited poses a different set of problems, but I completed this trip very optimistic about the economic potential in Latin America. I met with President Pinochet in Chile, President Geisel in Brazil, and President Echeverria in Mexico, as well as having extensive discussions with their economic leaders. In each of the countries, I made it clear that I was not bringing additional aid commitments,

¹ Summary: Secretary Simon informed President Ford that the recently signed agreements with Brazilian leaders meant that relations between the two nations would improve.

Source: Ford Library, National Security Adviser, Kissinger-Scowcroft West Wing Office Files, Box A3, Treasury Department, 5/24/76–10/27/76. Eyes Only. Ford initialed the memorandum.

but rather that I wanted to find ways we could help the countries to help themselves.

[Omitted here is material unrelated to Brazil.]

Brazil

Brazil offers great economic potential and certainly is playing a central role in Latin America. Henry Kissinger visited there in February and established a consultative mechanism to provide political impetus to our relationship. During my visit, we were able to reach agreement on important bilateral issues which should help us to expand trade and investment between the United States and Brazil.

In the trade area, we agreed on the following:

(1) That Brazil would phase-out its subsidy program which has resulted in an unfair trade advantage for Brazilian products.

(2) That as a result of this action, we would act to further liberalize trade by agreeing not to reevaluate present countervailing duties on footwear until the last quarter of 1977; and by waiving countervailing duties on leather handbags, effective July 1, 1976. In addition, with respect to soybean oil, we resolved the threatened action by the U.S. industry. Based on the Brazilian government's action, the U.S. industry announced they would not file a complaint.

In the investment area, we agreed to work together to facilitate U.S. private sector investment in Brazil. They gave me a list of key Brazilian projects in areas such as iron ore, oil, hydroelectric power, copper and agriculture, and I am distributing these to the private sector here in the United States. We also arranged for a negotiation of a double tax treaty which will be an important step towards increasing investment. A team from Brazil will visit Washington in June to negotiate this treaty.

I believe these agreements will mark a new level of cooperation between the United States and Brazil. In order to ensure that the relationship grows, Finance Minister Mario Simonsen and I established a formal mechanism, under the framework of the memorandum which Henry Kissinger signed last February. It involves the establishment of a consultative group on trade, investment and financial issues which will meet regularly. In this way, I believe that we have properly institutionalized the important economic relationship between Brazil and the United States.

[Omitted here is material unrelated to Brazil.]

135. Telegram 177779 From the Department of State to the Embassy in Brazil¹

Washington, July 17, 1976, 1736Z.

177779. Subject: Call on Assistant Secy. Shlaudeman by Amb. Pinheiro.

1. In initial courtesy call July 16 on Asst. Secy. Shlaudeman, Amb. Pinheiro focused attention on two subjects: human rights and US trade policy.

2. Human rights. Pinheiro said that he considered this to be the most difficult part of his mission. As illustration he noted that when Israel goes into Uganda as rescue mission we applaud but when Brazil and others try to combat terrorism and subversion then there are accusations of violation of human rights. The idealism of the US is shared by the people of Brazil but it is manipulated by people who are the victims of organized campaigns. If Brazil had not taken strong measures, the problems would be more difficult now than in Argentina. Professional diplomats understand the problem but many of the politicians do not. This is now leading to congressional restrictions that will lead to difficulties in our relations. What does Congress want, he asked? There is no national policy of torture in Brazil; this does not exclude low level excesses but the perpetrators are punished.

3. Trade policy. Pinheiro stated that the US Trade Act is changing this country into one of the most closed societies in the world. He cited textiles and particularly specialty steels. He agreed these were not vital to Brazil but the amplification of this policy could disrupt world trade. Actions such as those on specialty steels are particularly difficult to understand in the light of US economic recovery. Pinheiro said that the GOB recognizes that the US is doing everything possible to diminish the effects on Brazil, especially following Secretary Simon's visit, but Brazil is deeply concerned about the overall implications.

¹ Summary: Shlaudeman and Pinheiro discussed human rights and trade policy. Shlaudeman defended U.S. Government efforts to open up trade between the two countries.

Source: National Archives, RG 59, Central Foreign Policy File, D760276–0761. Confidential. Drafted by Zimmermann and approved by Shlaudeman. Shlaudeman's references to Ford's "courageous decisions" on free trade and "favorable treatment" of Brazilian interests relate to the President's decision to forego tariff increases on imports of footwear, referred to in the source note to Document 133. Senator Long's June 17 letter to Ford requested protection from imports and subsidies for domestic sugar producers. In telegram 178637 to Brasília, July 19, Seidman informed Long that no protection or subsidies would be forthcoming. (National Archives, RG 59, Central Foreign Policy File, D760278–0378)

4. Assistant Secretary Shlaudeman commented that the struggle for free trade is constant. He noted that the President had taken courageous decisions in this regard and that Brazilian interests have received favorable treatment. He urged that we be alert to these issues so that they can be discussed in their early stages.

5. Pinheiro said that the latest example of a restrictive mentality is a letter in early June from Sen. Long to the President requesting radically increased tariffs on imported sugar. The US sugar market is marginal to Brazil but there will be serious consequences for others if Long's request is granted. (We are checking into this.)

6. In conclusion Amb. Pinheiro said he did not wish to be misunderstood. He recognizes that US-Brazilian relations are now enjoying a better climate of mutual understanding than in many years.

Kissinger

136. Telegram 183401 From the Department of State to the Embassy in Brazil¹

Washington, July 23, 1976, 2228Z.

183401. Subject: Grant Military Training for Brazil. Ref: A. Brasília 6085; B. Brasília 6421.

1. Department has reviewed issues raised Ref A. and Ambassador's recommendations for limited phaseout of program in transition quarter. Judgment here is that, while there is no legal prohibition to provision of grant training to Brazil in the TQ or in FY 77, there would be

¹ Summary: The Department informed the Embassy of Congress's intent to phase out the military training program for Brazil.

Source: National Archives, RG 59, Central Foreign Policy File, D760285-0077. Confidential; Immediate. Drafted by Eltz; cleared by Zimmermann, Winship, Black, Borek, Quigg, Ledogar, Johnson; approved by Luers. Repeated Immediate to Rio de Janeiro for the Consulate and for the Chairman of the U.S. Delegation to the Joint U.S.-Brazil Military Commission. In telegram 6085 from Brasília, July 12, Crimmins reported that terminating funding for military training would cause the Brazilian military to suspect that U.S. interest in Brazil was waning. (Ibid., D760268-0300) In telegram 6421 from Brasília, July 22, Crimmins reported that the Brazilian Government was unhappy with the impending termination of grant military training. (Ibid., D760282-0396) In telegrams 191824 and 243040 to Brasília, August 3 and September 30, the Department informed the Embassy that \$100,000 had been granted to Brazil for training but that Congress explicitly directed that the funds were for phasing out the grant military training program. (Ibid., D760299-0692 and D760369-0291)

serious difficulties in ignoring the intent of Congress to quote terminate unquote program for Brazil as reflected explicitly in House International Relations Committee report on legislation for FY 76.

2. Plan of action is to consult in the next few days with key members of HIRC in attempt gain their understanding and acquiescence in the continuation of a limited number of specific training activities through TQ and possibly FY 77 in order to effect a termination which minimizes the disruption to programs where an abrupt cutoff would violate the reliance and expectations which had reasonably developed. It must be emphasized that these activities will be limited in number and that criteria for selection of specific projects will include a finding that substantial planning and preparation has already been done, making abrupt cancellation difficult. Department's intent is to phase down Brazil program in orderly fashion, arriving at point where it is limited to training that is clearly justifiable as being "in connection with regional activities" consistent with congressional intent. We do not intend to continue program at anything close to level which would otherwise have been approved for Brazil, or to open door for setting in motion plans for new projects during the phaseout period.

3. As soon as congressional consultations are complete, Department will provide more detailed guidance.

Robinson

137. Telegram 8010 From the Embassy in Brazil to the Department of State¹

Brasília, September 16, 1976, 1225Z.

8010. Subject: Invitation for U.S. Visit to Brasília Chief of Army Intelligence Center. Refs: A. DA WashDC//DAMI–FLT//1018137 Sep 76. B. State 209192.

1. Reftel A indicates US Army Assistant Chief of Staff for Intelligence (ACSI) is considering extending an invitation to BG Antonio da

¹ Summary: The Embassy recommended that an invitation for the head of the Brazilian Army Intelligence Center to visit the United States be deferred in light of concerns over human rights and Operation Condor.

Source: Department of State, INR/IL Historical Files, Box 11, Brasília. Secret; Roger Channel. Telegram 209192 to Buenos Aires, Montevideo, Santiago, and La Paz, August 23, is Document 241.

Silva Campos, Chief of the Brazilian Army Intelligence Center (CIE), for a visit to the US under the ACSI G-2 (Intelligence) Tours Program. Campos has been in his present position less than a year and seems to be President Geisel's choice to tighten control over key Brazilian security agency that acted in past with considerable autonomy and has been identified with some human rights violations. Position of CIE Chief, despite change of personalities and Geisel's determination to end mistreatment, has not yet lost its association in public eye with past human rights abuses.

2. In light of our current concern about "Operation Condor," we are particularly uneasy about inviting at this time director of major intelligence agency which may become extensively involved in coordinated, trans-national pursuit of political dissenters. Fact of visit, which could hardly be kept secret, could mislead leaders of Brazilian and other Southern Cone intelligence services about firmness of US opposition to certain aspects of Condor, and possibly be misinterpreted by human rights proponents in US, Brazil itself, or in third countries. Even if Operation Condor question were resolved quickly, we think invitation should at least be deferred to allow more time to see how Campos, and CIE under his direction, will perform on human rights. Pending Department's review of the situation, DAO has been asked to hold up any approach on the invitation as requested by reftel A.

3. If on other hand Department determines other interests justify invitation for Campos at this time, we would urge that presence in US be used to make strong and candid pitch to him at high ACSI level about A) US concern over Operation Condor; and B) depth of general US commitment to human rights.

Crimmins

138. Action Memorandum From the Coordinator for Human Rights and Humanitarian Affairs (Wilson) and the Legal Adviser of the Department of State (Leigh) to Secretary of State Kissinger¹

Washington, October 25, 1976.

Harkin Amendment: Brazil IDB Loan

The Problem

On Wednesday at 10:00 a.m., we must state our position in the Inter-American Development Bank (IDB) on a Brazilian application for an \$8 million loan to finance exports.

Background/Analysis

Unless the loan would “directly benefit . . . needy people”, the Harkin Amendment requires the US to vote “no” if Brazil is found to be engaging in a “consistent pattern of gross violations of internationally-recognized human rights”. As this loan does not meet the terms of the exception, we must make a judgment about the present human rights situation in Brazil. L and D/HA feel that the Harkin Amendment compels the US to vote against this loan because of the continuing serious human rights situation in Brazil. H and EB feel that improvements over the last 9 months make it possible to vote for the loan. H feels a positive vote must be accompanied by discussions with the Brazilians at a level no lower than the Foreign Minister describing the reasons for our vote. ARA and EB believe that a “consistent pattern of gross violations” does not currently exist in Brazil.

L and D/HA's View:

This paper presents a fundamental question: whether we fight against the inflexibilities of the Harkin Amendment by distorting the

¹ Summary: Wilson and Leigh reviewed for Kissinger three options regarding the U.S. Government's vote on an IDB loan for Brazil: voting against the loan, voting for it contingent on improvements in the human rights area, and voting for it without making any representations.

Source: National Archives, RG 59, Central Foreign Policy File, P760168–1248. Confidential. Sent through Robinson. Drafted by Hill and Shlaudeman on October 24. Swift, Boeker, and Austin concurred. A typewritten note at the bottom of the last page of the memorandum indicates that Robinson directed EB to vote yes on the loan and that he later instructed Wilson and Shlaudeman to “arrange a low-key approach to Brazilians,” which would note that the United States voted yes because of Brazilian progress in human rights and that U.S. cooperation would continue “as long as this progress is sustained.” Attached but not published is the Department's undated Human Rights Report on Brazil.

language and intent of the Amendment so as to narrow the scope of its current application, or whether we apply the human rights criteria in a straightforward way, thus laying the foundation for a later approach to Congress requesting it to modify the Harkin Amendment. L believes that the former course is doomed to failure because the Congress will progressively tighten the legislative strictures. Admittedly the latter course is politically painful. The former course is likely to put the State Department on the defensive; the latter may put the Congress on the defensive. In the long run we believe the latter course is preferable.

Whereas the legislative history of the Harkin Amendment indicates that Congress intended to offer great leeway on the interpretation of the criterion, direct benefit for "needy people," the same is not true for the other criterion, "consistent pattern of gross violations of internationally recognized human rights." With respect to the upcoming loan, it is agreed that there was no possibility of using the needy people exception. Thus, we are forced to face the human rights criterion. For reasons stated below, we do not believe that this criterion can be interpreted in such a way as to allow the U.S. representative to vote for the loan.

Brazil has had a long history of serious human rights violations under the military governments which have come to power following the 1964 coup. While L and D/HA recognize that the Geisel administration has recently undertaken to curb such abuses, they perceive no real improvement. Thus they are not prepared to state that there is evidence of a break in what has indisputably been a "consistent pattern" of human rights violations since 1964. The correction of isolated incidents of abuses which ARA notes is not, in their view, sufficient to change a generalized pattern.

Large numbers of persons remain in prison in Brazil without having been charged or brought to trial. Due process of law has not been restored in many cases for persons detained for alleged security or political offenses. The exercise of vigilante justice by "death squads" and the recent activities of right-wing terrorist groups have not been curbed by a military security apparatus or government which should have the capability of doing so. Incidents of gross abuse of human rights still occur in the prisons. Moreover, the Government of Brazil has still not demonstrated any intention of restoring to full force the human rights guarantees included in the 1967 Constitution. These rights have been effectively suspended by executive decree in cases held to involve national security. Police and other action pursuant to the decrees are immune from judicial review under the Constitution. The Government's failure to support its recent more promising actions with necessary changes in the legal regime suggests that the improvements which ARA cites are only superficial.

ARA's argument for not finding Brazil to be engaged in a "consistent pattern" of gross human rights violations is based on the assertion that many other Latin American countries exhibit similar tendencies. The question is not, however, how many governments may on occasion fail to respect fully the human rights of their citizens, but rather the frequency and the manner in which any one government may violate those rights. Even if numerous other countries had human rights postures as weak as Brazil's, that would not affect the question of invoking the Harkin Amendment against Brazil. The standard to be applied is not a country-to-country comparison. The Harkin Amendment forces us to evaluate the situation in each country in terms of certain "internationally-recognized" values, and L and D/HA have concluded that the Government of Brazil has still not taken sufficient corrective measures to end the pattern of abuses in existence since 1964. Contrary to ARA's suggestion, L and D/HA do not believe that their decision that a "no" vote is legally required for Brazil at this time will logically result in similar recommendations for any more than four or five countries eligible for IDB loans.

ARA and EB's view:

There are clear indications that President Geisel has made efforts to improve the human rights situation. In January he removed the Army General commanding a district in which flagrant violations had occurred; a considerable number of other personnel changes followed in that command and elsewhere in the security structure. Reports of torture of political prisoners have virtually ceased since that time. Political arrests have decreased significantly since January and where these occur, there is an increasing observance of formal legal procedures through the military tribunal system. A relaxation of censorship has allowed a broad public debate of political arrests and human rights questions. It is far from self-evident, contrary to the apparent views of L and D/HA, that failure to curb police death squads and a lunatic rightist group represents governmental encouragement of or acquiescence in a "consistent pattern of gross violations"—any more than the FBI's failure to suppress Cuban exile terrorists justifies Castro's charges that the USG is implicated in their acts. In short, the *current* situation—which is what we must deal with for both legal and policy purposes—is characterized by sufficiently positive features so as to make a finding of a "consistent pattern" of gross abuse unreasonable.

Further ARA Views:

Neither the law nor our own procedures yet provide us with anything like precise criteria for defining what constitutes a consistent pattern of gross violations. Admittedly, Brazil is not a democratic state. But the case for finding it a gross violator seems based more on impres-

sions and general reputation than on the comparative measurements that are about all we can rationally use in the absence of precise tests.

Currently there is considerably less political violence in Brazil than, for example, in Colombia or Mexico—both countries that have so far escaped opprobrium. Brazil has a far more open and equitable society than does, say, Peru or Guatemala where large Indian populations live in virtually feudal conditions. Brazilians in the vast majority live freer of fear and with more opportunity to express themselves than do the populations of at least 10 other countries in Latin America.

The charges against Brazil focus currently on denial of due process in security cases; the use of torture and the failure to implement constitutional guarantees of human rights. Due process in security cases is denied by all Hispanic-American governments (and Haiti and Jamaica) except for Costa Rica and occasionally Venezuela. The test is the *number* of such cases. In terms of its size, Brazil's number is currently small. *All* police and security forces in Latin America outside the Commonwealth Caribbean, including those of Venezuela and Costa Rica, use torture to extract information. The test here is pervasiveness and bestiality. The evidence is that the use of torture, particularly in its more horrible forms, has been declining in Brazil. As for effective constitutional guarantees, they can reasonably be said to prevail only in Venezuela, Colombia, Costa Rica, Barbados and Trinidad—five out of 24.

We conclude that if Brazil is to be found guilty of a consistent pattern of gross violations, the same judgment will have to be applied to

Mexico
Guatemala
Nicaragua
El Salvador
Panama
Dominican Republic
Haiti
Argentina
Bolivia
Paraguay
Uruguay
Chile
Guyana, and probably to
Peru and possibly to
Jamaica.

Options:

Option I—Vote against the loan.

Pro:—In the judgment of L and D/HA the Harkin Amendment requires a “no” vote because of what they see as a continuing pattern of human rights violations which have not yet been sufficiently corrected by the Government of Brazil.

—A negative vote would satisfy the Congress that the Department was carrying out the intent of the Harkin Amendment and quiet voices criticizing us for disobeying the law.

Con:—Our refusal to support GOB export programs, especially when taken on sensitive human rights grounds, will have an extremely adverse impact on our relationship with Brazil, calling into question the credibility of our recent efforts to strengthen bilateral ties.

—It may draw charges we seek to embarrass Geisel before the politically important November municipal elections, and thus strengthen the hardline military elements opposed to Geisel's liberalization policies, and undermine his ability to continue progress in the human rights field.

—Other members of the IDB may again accuse the US of introducing a political issue into a financial undertaking as they did after an earlier US "no" vote on a Chile loan, but this is inherent in the Harkin Amendment itself.

Option II—Vote for the loan but instruct Ambassador Crimmins to discuss the question with the Brazilians at the highest levels, but in any case no lower than the Foreign Minister, explaining that our yes vote was based on our recognition of Brazil's efforts to improve the human rights situation and our hope that improvements will continue. We would discuss Congressional opposition to human rights violations in Brazil and express our hope that continuing improvements will make possible "yes" votes on future loans. H supports this option.

Pro:—This would be a positive approach aimed at support of Geisel's human rights improvements.

—We might be able to convince all but the Congressional hard liners that we are taking positive steps to encourage observance of human rights in Brazil.

Con:—We can expect an outcry from human rights advocates in Congress and elsewhere that we are ignoring the law. We could try to blunt this by pointing to the ameliorating action taken by the GOB and stating our position that our vote, coupled with discussion with the GOB, represents a positive attempt to encourage further improvements in human rights situation in Brazil.

—President Geisel does not receive Ambassadors on substance and a representation, however phrased, at the presidential or ministerial level would produce strong resentment and charges of interference in Brazilian internal affairs. Indeed, formal representations at any level will run head-on into Brazil's very real nationalism and risk a closing of hardline ranks—precisely the effect we are trying to avoid.

Option III—Vote for the loan, without making any representations as described above.

Pro:—This would be consistent with our expression of support for Brazilian development goals and would be in keeping with the recent commitments to closer bilateral ties.

—It would avoid any possible counterproductive effects on the political/human rights liberalization process in Brazil which could flow from a negative US position on the basis of Harkin Amendment provisions.

—It would reflect the difficulty we have in reaching a clearcut decision as to the existence of a “consistent pattern” and would be consistent with ARA’s views that no such pattern exists in Brazil.

Con:—We can expect even stronger charges from human rights advocates in Congress and elsewhere that we are violating the law.

—The vote will be used by Harkin Amendment supporters to demonstrate the need for even stronger Harkin-type amendments which the Executive cannot circumvent.

Recommendations:

D/HA and L recommend that you accept Option One and authorize us to vote against this loan with appropriate explanations to the Brazilians and the Congress.

Alternatively, H recommends that you accept Option Two and authorize us to vote for the loan but instruct our Ambassador to explain our vote to the Brazilians at the highest levels.

Alternatively, ARA and EB recommend that you accept Option Three and authorize us to vote for the loan without representations.

Congressional Concerns:

The decision in this case will affect our ability to amend the Harkin language and to prevent similar or stronger language from being added to other legislation, such as authorization for the World Bank and the Asian Development Bank. Our posture thus far on Harkin affected loans has drawn some criticism, especially on the Argentine vote, but our prior consultation and representations to the GOA worked to our advantage.

We are particularly disturbed by a growing mood among some members who have been strong supporters of multilateral aid to institutions and programs to sharply limit the funds available to international lenders (IDB, World Bank, African Development Fund), their rationale being that only a cutoff of funds to these institutions will be effective in view of the Administration’s unwillingness to find any country to be a gross violator of human rights. H believes the human rights activists in Congress will view a “yes” vote on the loan to Brazil as further evidence of the Administration’s intractability. Unlike the situation in Argentina, where a new government faced a chaotic situa-

tion, thus making viable the argument that a consistent pattern of violations of human rights had not been established, the assumption is widespread that Brazil has been a long-term violator of human rights. To point to positive trends in Brazil without being able to say conclusively that a *new* pattern of adherence to internationally recognized guarantees of human rights has developed will not be convincing in the Congress. Therefore, to defend a “yes” vote, the Department must point to the improvements and changes in the human rights area brought about by the GOB and also argue that we are using our vote to urge the GOB to continue further in this positive direction.

Chile

139. Telegram 4549 From the Embassy in Chile to the Department of State¹

Santiago, September 24, 1973, 2128Z.

4549. Subj: Press Reports. Ref: State 189464.

1. Although we have no hard information to confirm or deny allegations reported reftel, we doubt summary mass executions at National Stadium have taken place. Volleys fired for purpose would be heard far away in stillness of Santiago night curfew. Stadium in populated area and on edge of areas where many foreigners reside. Entire Foreign Press Corps and two ICRC Representatives visited National Stadium Sept 20. While not allowed individual interviews, they did have voice contact with detainees whose only complaint was slowness of interrogation process and quality of food. Jerry O'Leary of *Washington Star* news, an experienced Marine Reserve Officer, tells us it would be physically impossible for executions to take place there without knowledge outside of stadium. He was given special access and in two-and-half hours there interviewed many and saw complete list of detainees, and no one made claim that prisoners being shot. Executions are kind of news we are confident Chileans would eagerly carry to US as well as other missions and to foreign correspondents.

2. Dept has in hand file of messages reporting considerable effort made by Embassy in behalf of Garret-Schesch couple and other US detainees. Couple made no complaints about Embassy handling of their case to consul who received them into custody. Rather, expressed gratitude for Embassy efforts.

3. Re resident exiles, see Santiago 4377 and previous.

4. Comment: Reports suggest initiation of concerted defamation campaign to smear new GOC. Such statement will not facilitate our efforts in behalf of other Amcit detainees.

Davis

¹ Summary: Although press reports discussed mass executions of prisoners in Chile, the Embassy indicated that it had no hard information to confirm or deny the allegations.

Source: National Archives, RG 59, Central Foreign Policy File, [no film number]. Confidential; Immediate. In telegram 189464 to Santiago, September 24, the Department informed the Embassy of news reports on torture and executions in Chile's National Stadium. (Ibid.) In telegram 4589 from Santiago, September 25, the Embassy informed the Department that two U.S. citizens detained in the National Stadium reported that they saw no mistreatment of prisoners, and neither did other foreigners detained in the same location. (Ibid., P750018-1258)

140. Telegram 190162 From the Department of State to the Embassy in Chile¹

Washington, September 24, 1973, 2326Z.

190162. Subject: Protection of Human Rights. Ref: (A) Geneva 5001, (B) State 185343. For Ambassador Davis.

1. In spite of some recent positive steps Department concerned about alleged GOC treatment of persons, especially aliens, who have been detained and are ultimately to be tried and/or deported by GOC. To date there has been considerable adverse press comment; we have received several inquiries from Senators, Congressmen and public and anticipate questioning before Fascell subcommittee and current Fraser subcommittee hearings on human rights matters. We would like to be able to say that we had expressed our concern to new GOC at first available opportunity, and that response had indicated their sensitivity to these problems and strong desire to avoid any violations of GOC's legal and humanitarian obligations. Moreover, we recognize that as a practical matter GOC adherence to human rights principles in treatment of prisoners and conduct of trials will make it much easier for a cooperative relationship between the GOC and USG to receive the support from Congress and American public opinion it requires.

2. We realize, nevertheless, that GOC will be extremely sensitive to any official USG *démarche* on this subject. For this reason, we have concluded that *démarche* should not take place until after we have formally continued relations with new government, that it should be raised in context of other major areas of USG–GOC common interest, and that it should emphasize positive steps GOC has already taken in human rights matters. Consistent with these caveats, Ambassador should, unless he perceives overriding objection, make or have made

¹ Summary: The Department instructed Ambassador Popper to raise with the Chilean Government the question of human rights abuses.

Source: National Archives, Nixon Presidential Materials, NSC Files, Country Files, Box 777, Latin America, Chile, Vol. 8, 1 Jan 1973–31 Mar 1974. Confidential; Immediate; Exdis. Drafted by Gantz; cleared by Feldman and Kubisch; approved by Porter. Repeated to the Mission to the United Nations and the Mission in Geneva. In telegram 4629 from Santiago, September 27, Davis reported that he had met with Huerta as instructed; in his discussion with Huerta, he stated that the Embassy wanted to be in the position of advising members of Congress of the *démarche* privately or in executive session. (Ibid., RG 59, Central Foreign Policy File, P750018–1255) In telegram Tosec 99/192805 to USUN, October 4, the Department informed the Embassy it thought it important to discuss Popper's *démarche* in open session in Congress. (Ibid., P750014–0156) In telegram 4674 from Santiago, September 27, Davis replied that public discussion of the *démarche* could be damaging and unhelpful, and he expressed a belief that private consultations with Chilean leaders would be the most effective means of protecting human rights. (Ibid., P750011–2084)

démarche on human rights along lines outlined paras 3–5 below at earliest appropriate opportunity, drawing on background information provided paras 6–8 at his discretion.

3. The United States is reluctant to raise questions of human rights with the GOC because in so many instances they are essentially matters of domestic jurisdiction. We understand fully the serious problems of security which the GOC has faced in recent days and that substantial steps had to be taken in order to restore public order. We view the positive steps which the GOC has already taken in human rights matters as evidence both of the GOC's basically humanitarian nature, consistent with long Chilean tradition, and its realization that human rights problems, if not resolved, could cause serious danger to GOC's international reputation. Insofar as the United States is concerned, we realize that an "adverse press" for the GOC on human rights matters could interfere with our own efforts to assist the GOC and to work closely with it in the months ahead. It is in this spirit that our remarks should be taken.

4. We, ourselves, and, we believe, international opinion, have been favorably impressed by a number of very positive steps which the GOC has taken in recent days toward assuaging the perhaps unjustified fears of many concerning the situation in Chile. We know that the GOC has assured the UN High Commissioner on refugees that it is not their intention to deport political refugees to the countries from which they fled, and that refugees who are not allowed to remain in Chile will be able to choose their destination. Missions from the United Nations High Commissioner for refugees and the International Committee for the Red Cross which have come to Chile with GOC approval to assess relief needs of refugees and to provide assistance to political detainees, respectively, should be effective in showing world opinion that the GOC intends to respect fully its international obligations with respect to these persons. Reported GOC invitation to foreign journalists to observe the situation, and assurances that accused will be able to retain defense counsel, add to this impression.

5. The International Community has certain basic expectations as to treatment of resisters, detainees, and those accused of crimes, of which the GOC has indicated its awareness by these actions it has already taken. Resisters who have laid down their arms, and detainees, are expected to receive fair and humane treatment pending release or trial, including contact with consular representatives for those who desire such communication. Summary executions or beatings obviously would violate international norms. The trials themselves should cause few serious problems if they are public, open to foreign observers, and limited to persons charged with specific common crimes. GOC has available to it able international lawyers who can advise GOC with

respect to applicable international norms and expectations of international community. In short, USG impressed with early indications of GOC respect for human rights and hopes GOC will continue to exhibit same responsiveness and forthright approach.

6. FYI: Chile is party to Geneva Conventions on the law of war, which apply in part to civil strife, the convention relating to the status of refugees and its protocol, applicable to refugees and certain political asylees, the Vienna Convention on consular relations which provides a right of consular access, and the universal declaration on human rights, an affirmation which lacks the binding force of law but nevertheless is widely accepted as a consensus of the international community on the rights of individuals. Article 3 of each of the Geneva Conventions provides that quote: In the case of armed conflict not of an international character occurring in the territory of one of the high contracting parties each party to the conflict shall be bound (to provide humane treatment, on a non-discriminatory basis, to) persons taking no active part in the hostilities, including members of the armed forces who have laid down their arms. End quote. In addition, this provision expressly prohibits a number of acts, including quote: The passing of sentences and the carrying out of executions without previous judgment pronounced by a regularly constituted court affording all the judicial guarantees which are recognized as indispensable by civilized peoples. End quote.

7. The Convention on Refugees defines refugees as persons who have remained outside the country of nationality due to a “well-founded fear of being persecuted for reasons of . . . membership of a particular social group or political opinion.” Articles 32 and 33 restrict expulsion of refugees; Article 16 provides for access to local courts. Article 14 of the Universal Declaration of Human Rights provides specifically for an individual right of asylum, except for non-political crimes. Under Article 11 of the Universal Declaration of Human Rights persons charged with penal offenses are afforded a variety of due process guarantees, including the right to a public trial. Although the declaration does not itself create any legally enforceable international obligations, it is perhaps the most widely recognized statement of the minimum standards of justice a nation is expected to provide. The International Covenant of Civil and Political Rights adopted by the UN General Assembly in 1966 provides similar due process guarantees and, in addition, restricts expulsion of aliens lawfully present in a country and makes expulsion subject to legal process (Article 13). (Article 4 provides an escape clause in times of public emergency threatening the life of a nation.) This covenant has not yet entered into force but the government of Chile has adhered to it.

8. Article 36 of Consular Convention affords consular officers right to visit nationals of his state who are detained locally, and requires

authorities of receiving state to notify consul when national of his state has been detained, at request of detainee. End FYI.

Rush

141. Telegram 4647 From the Embassy in Chile to the Department of State¹

Santiago, September 27, 1973, 2036Z.

4647. Subject: W/W: Amcits in Chile: Teruggi and Horman. Reference: Santiago 4638.

1. At lunch today with Ambassador Designate Heitmann I raised Teruggi and Horman cases, pointing out public relations implications of any continuance of the present situation where circumstances of their disappearance remain unexplained. I went over all the facts and reports that have come to our attention in each case. Heitmann said he would interest himself in this matter immediately and see if he could get full information on both cases as soon as possible.

2. Comment: It now appears that body in the morgue is not rpt not Teruggi. We shall be sending a separate telegram on this as soon as it can be prepared.

Davis

¹ Summary: Ambassador Davis reported that he had advised Ambassador Designate Heitman of the "public relations implications" of the unexplained disappearances of Charles Horman and Frank Teruggi.

Source: National Archives, RG 59, Central Foreign Policy File, [no film number]. Confidential; Immediate. In telegram 4594 from Santiago, September 27, Davis reported on the Embassy's efforts to account for various U.S. citizens in Chile, in particular, Horman and Teruggi. In the latter case, U.S. officials were investigating discrepancies regarding a body discovered at a local morgue and presumed at the time to be Teruggi. Davis also noted: "I raised Teruggi and Horman cases with Foreign Minister Huerta yesterday, urging maximum GOC efforts to locate Horman, positively identify Teruggi and ascertain full facts if he was in fact the deceased reported in the morgue." (Ibid.) The Embassy also reported separately that the body found in the morgue was not Teruggi. (Telegram 4665 from Santiago, September 27; *ibid.*)

142. Transcript of the Secretary of State's Staff Meeting¹

Washington, October 1, 1973, 3:27–4:03 p.m.

[Omitted here is discussion unrelated to Chile.]

Mr. Kubisch: Today's *Newsweek* is carrying really the first reputable report about Allende's death in Chile. Their correspondent there is reporting that something over 2700 politicals have been killed. The Government has acknowledged 284 deaths.

Secretary Kissinger: Executed or killed?

Mr. Kubisch: Just killed. There's knowledge that there have been 284 deaths, but the *Newsweek* correspondent apparently bluffed his way into a morgue and found 2700 bodies.

Secretary Kissinger: But how do you get from 284 to 2700?

Mr. Kubisch: Because the daughter had told him that's the story, that they had listed 250 corpses. That's the basis for his story; he saw only 250 corpses himself.

More may come out in coming days. We really don't know; our Embassy hasn't been able to confirm it. We recommend caution.

Secretary Kissinger: "Caution" in what way?

Mr. Kubisch: Caution in not trying to get ourselves too closely identified that the regime there in Chile is not as bad as people say.

As I say, we don't want to get into the position of defending what they have or haven't done.

Secretary Kissinger: But we don't also want to get into the position of explaining horror.

¹ Summary: Kissinger and Kubisch discussed the human rights situation in Chile during the Secretary's Staff meeting.

Source: National Archives, RG 59, Transcripts of Kissinger Staff Meetings, Entry 5177, Lot 78D443, Box 1, Secretary's Staff Meetings. Secret; Nodis. Kissinger chaired the meeting, which was attended by all the principal officers of the Department or their designated alternates. A "Summary of Decisions" of the staff meeting, October 4, noted "so far as the *new government of Chile* is concerned, we should not support moves against them by seeming to disassociate ourselves from the Chileans and on the other hand should not be in a position of defending what they are doing in Santiago." (Digital National Security Archive, Item No. CL00881) In telegram 195002 to Santiago, October 1, the Department forwarded the text of the *Newsweek* article to the Embassy. (Ibid., Central Foreign Policy File, [no film number]) On October 2, a U.S. consul who had visited the morgue confirmed that the facility held approximately 150–175 bodies and that most of the dead had apparently been shot. However, he also reported that the wounds of the dead varied considerably and that he had not noticed any bodies bearing gunshot wounds under the chin, as reported in the *Newsweek* article. A U.S. citizen who visited the morgue with the consul and examined all of the bodies reportedly "never commented on likelihood they result of mass execution." (Telegram 4766 from Santiago, October 2; *ibid.*)

Mr. Kubisch: No; on the contrary. We are continuing to fulfill our commitments to the Government with foodstuffs, medicine, and so on.

For example, in some of these Congressional hearings, I've been asked: "How many people have been killed? Is it true, the rumors we hear?" And I just have to say: "We don't know. We don't have substantiated facts. We can tell you what the Government has announced."

Secretary Kissinger: Yes. I agree that we should not knock down stories that later prove to be true, nor should we be in the position of defending what they're doing in Santiago. But I think we should understand our policy—that however unpleasant they act, the Government is better for us than Allende was.

So we shouldn't support moves against them by seemingly disassociating, and we certainly shouldn't defend them with more internal repression that we should stay out of.

Is it going to come up at the UN?

Mr. Kubisch: I don't think so. You know, the Cubans raised this, at one point, in the Security Council.

Secretary Kissinger: Then it was going to come up again?

Mr. Kubisch: There was a possibility that it would come up again, but the later word that I've seen is there's not wide support for it being reopened. I don't know.

Mr. Sisco: Not as a formal agenda item.

I do know, Mr. Secretary—as expected in these informal debates—some people make reference to that in these debates. But other than that I don't know.

Secretary Kissinger: No. Joe, do you have anything else on this?

Mr. Sisco: No, sir.

[Omitted here is discussion unrelated to Chile.]

143. Telegram 4802 From the Embassy in Chile to the Department of State¹

Santiago, October 3, 1975Z.

4802. Subject: Approach to Foreign Office on Missing American Citizens Horman and Teruggi. Ref: Santiago 4715.

1. I had opportunity last night to talk to Ricardo Claro. Claro brought up the GOC's concern over what it had heard about the rider, sponsored by Senator Kennedy and approved by the Senate, to aid legislation. I used the opportunity to point out to Claro that it would be helpful if the GOC were able to clear up the mysteries involved in the cases of the two missing or deceased Amcits. I pointed out the unexplained fact that Teruggi had reportedly been released from the National Stadium and then his body appeared at the morgue shortly thereafter—brought by military authorities. Moreover, the GOC had reported him still detained a day or two later. I also pointed out that neighbors of Horman had seen him detained by persons in military uniforms, but the military authorities continued to deny that he had ever been detained. I asked that other unanswered questions—such as autopsy results, nature of wounds on Teruggi's body, etc.—be answered fully in both cases. Claro agreed that these important points needed to be cleared up and indicated he would talk as soon as possible with Admiral Huerta in order to put more pressure on the appropriate military authorities to try to get the full facts on both cases. He promised to report back to me as soon as possible.

¹ Summary: Ambassador Davis reported on his meeting the previous evening with Ricardo Claro regarding their discussion of Charles Horman and Frank Teruggi.

Source: National Archives, RG 59, Central Foreign Policy File, [no film number]. Confidential; Immediate. Claro was a Chilean lawyer, businessman, and professor of political economy with close ties to the military junta who also served as an economic adviser in the Ministry of Foreign Affairs. In telegram 4715 from Santiago, September 29, the Embassy reviewed the available information on Horman and Teruggi. Davis also noted: "I took occasion of call by Admiral Huidobro, chief of staff of military junta, to raise Teruggi and Horman cases once again and to urge that gov[ernment] exert every effort to find out what happened to them. Huidobro said GOC had already made exhaustive search in Horman case—including loud speaker announcements in all places of detention. He was less familiar with Teruggi case, but promised to go through all possible procedures, including computer file check, and leave no stone unturned. As Department aware, this approach to Huidobro follows my earlier approaches to FonMin Huerta and Ambassador-Designate Heitmann." (Ibid.) The Embassy later reported that Steven Volk, a U.S. citizen and friend of Teruggi, visited the morgue with consular officials on October 2 and identified one of the unclaimed bodies as Teruggi. (Telegram 4787 from Santiago, October 2; *ibid.*)

2. Claro called me again today and said that the appropriate authorities would be in touch with me very shortly in the Teruggi and Horman cases.

Davis

144. Telegram 4904 From the Embassy in Chile to the Department of State¹

Santiago, October 9, 1973, 1913Z.

4904. Subject: Pinochet Criticizes U.S. Senate Amendment Ref: Santiago 4886.

1. Summary. Junta Pres Gen Augusto Pinochet deplored U.S. Senate amendment to Foreign Assistance Act as based on misinformation concerning real situation in Chile. Statements by senior officials outlined govt plans in several key economic areas. Another 19 extremists were executed, numerous persons arrested, and various arms caches and guerrilla camps discovered. Former CUT Pres Luis Figueroa sought asylum in Swedish Embassy, and former Deputy Dir of Investigations Samuel Riquelme was captured. Junta continued to reveal instances of alleged subversive activities and corruption. End summary.

2. In Oct 5 statement released through junta press spokesman, Gen Pinochet "deplored" U.S. Senate amendment to Foreign Assistance Act on aid to Chile, claiming amendment was due to "misinformation" broadcast abroad by Marxists. Pinochet urged U.S. legislators to visit Chile and see situation for themselves. He stressed that system of justice is completely operative in Chile and that human rights are being fully

¹ Summary: Pinochet denied reports of mass executions and sharply criticized legislation in the U.S. Senate that would cut off U.S. assistance to Chile.

Source: National Archives, RG 59, Central Foreign Policy File, [no film number]. Limited Official Use; Immediate. Repeated to USCINCSO and DOD/DIA. On October 4, the Senate approved an amendment to a foreign assistance bill sponsored by Kennedy denying all but humanitarian assistance to Chile. (Telegram 197523 to Santiago, October 4; *ibid.*) On October 5, the Embassy informed the Department of Santiago press reports that Huerta would present concrete evidence to the UNGA that the Allende Government planned to assassinate military and civilian opposition leaders before it was deposed ("Plan Zeta"), which the junta had used to justify its coup. (Telegram 4886 from Santiago; *ibid.*) In an October 12 conversation with Davis, Pinochet stated that the junta was attempting to minimize loss of life, but that it would prove difficult, as "left extremists" continued to attack government officers. (Telegram 4992 from Santiago, October 12. See Document 146.)

respected. He again denied reports of mass executions and said official death toll now stands at 476 civilians and 37 military/police. As part of campaign to “correct” junta’s overseas image, publishers assn. has printed 20,000 copies for distribution abroad of a pamphlet entitled “Three Years of Destruction.” Chilean Bar Assn. sent letter which strongly defended the military coup to similar groups in other countries. Top guild leaders plan overseas travel to defend junta and have announced they will also refute arguments presented by Sen[ator] Kennedy. Several guilds have already sent telegrams to Kennedy protesting his statements, and Chileans are privately buttonholding emboffs they know to make known their surprise and disappointment. Cuproch Pres Julio Bazan will attend AFL–CIO convention [in] Miami [on] Oct 18 to answer Sen Kennedy.

3. Junta issued barrage of statements concerning future govt policies. MinFinance Adm Gotuzzo made statement Oct 8 on wage and price policy and public sector deficits (septel). Over weekend, Central Bank Pres Gen Cano held press conference on results of IMF Nairobi meeting which he used to outline junta’s emergency economic plans. FonMin Adm Huerta announced Chile’s intention to increase participation in Andean Pact. Other senior officials held press conferences devoted to agricultural production plans and housing policies. On Oct 7, during visit to several slums in La Reina area of Santiago, MinInterior Gen Bonilla laid heavy emphasis on self-help home construction. Ministry of education announced school year will now end Dec 22 and that all student associations in each school have been recessed. Oct 12 holiday was cancelled.

4. Junta announced 19 extremists (11 in Valdivia, 4 in Temuco, 3 in Talca, and 1 in Arica) had been executed for various terrorist acts. Ten others were also killed in scattered locations, purportedly trying to flee from arrest or to escape from custody. Weekend searches and seizures, both in Santiago and in provincial cities, resulted in arrest of some 150 persons and capture of weapons and explosives. Most spectacular was discovery of arsenal including twelve 65 mm mortars in Santiago house owned by husband of Allende’s Private Secretary Miriam Contreras (La Payita), who is still a fugitive with a reward offered for her arrest. A reported 30 tons of “Marxist propaganda” was discovered in Agricultural Training and Research Institute (ICIRA). Two additional guerrilla schools were discovered, one in Vicuna (Coquimbo Province), and the other near resort of La Leonera south of Santiago. Some provincial courts martial are continuing to hand out sentences to UP activists, most typically five or six years “internal exile” at isolated northern localities of Pisagua, Tocopilla, and Tal Tal. Navy called all available retired personnel to active duty. Govt reminded citizens that death penalty is now in effect for car theft or

for possession of stolen vehicles; police announced that many vehicles have now been recovered.

5. Swedish Embassy announced CUT Pres and former MinLabor Luis Figueroa (communist) had taken asylum there. Former Deputy Dir Investigations Dept Samuel Riquelme was captured trying to enter Argentine Embassy. Both were on "most wanted" list. Govt spokesman ruled out possibility of granting safe conduct passes to Carlos Altamirano, Oscar Garreton, and Miguel Enriguez if they should seek asylum since all three have been indicted in navy subversion plot. Newsmen were allowed to visit Communist Party Sec Gen Luis Corvalan in Santiago and detainees on Quiriquina Island near Concepcion; they reported no signs of mistreatment in either case. Corvalan allegedly denied knowledge of "Plan Zeta" to kill top military and opposition leaders (reftel). Nine radio stations were authorized to broadcast their own news reports, in addition to mandatory three daily official bulletins from govt press office.

6. Junta continued to reveal examples of purported UP corruption and subversion. Latest examples are OIR request to Radio Prague for assistance in setting up radio beamed at Chilean Campesinos, Marxist plans to extend control over economy through Central Bank, an alleged UP protection racket at the Santiago racetrack, case of convicted criminal who was given high post in tax office because he was MAPU member, and \$700,000 dollars worth of books printed for Cuba at Quimantu govt publishing house.

Davis

145. Memorandum of Conversation¹

Washington, October 11, 1973, 6 p.m.

SUBJECT

The Secretary's Meeting with the Foreign Minister of Chile

PARTICIPANTS

Chile

Admiral Ismael Huerta, Foreign Minister

Ambassador Enrique Bernstein, Political Adviser, Chilean Foreign Ministry

U.S.

Secretary of State Kissinger

Assistant Secretary of State, Jack B. Kubisch

John E. Karkashian, Acting Office Director, ARA/BC

The Secretary began by stating that while he was very busy, he was nevertheless eager to see the Minister so that the latter could clearly understand our position. He said the Department of State used to tell other countries how to run their business but he had abolished that practice and now the Department conducted foreign and not domestic policy. He said domestic policy was Chile's problem and the only time the United States would be concerned with Chilean domestic policy would be when it made our foreign policy more difficult.

The Secretary said that Minister Huerta should understand that the United States was interested in what was going on in Chile. He said that the new government basically was in our interest and that the changes effected in Chile were beneficial to the Western Hemisphere. The Secretary said that the United States therefore would help

¹ Summary: Secretary Kissinger and Foreign Minister Huerta discussed the situation in Chile and the types of assistance the U.S. Government could provide.

Source: National Archives, RG 59, Central Files 1970–1973, POL CHILE–US. The meeting was held in Kissinger's office at the State Department. Drafted by Karkashian. Pickering approved the memorandum for Kissinger on October 23. According to Kissinger's Record of Schedule, the meeting lasted until 6:45 p.m. (Library of Congress, Manuscript Division, Kissinger Papers) In an October 9 memorandum, Kubisch briefed Kissinger in advance of the meeting, noting that the while it was in the U.S. interest to help the Chilean junta consolidate power, its "actions in the human rights field have rendered our task more difficult." (National Archives, RG 59, Central Files, 1970–1973, POL CHILE–US) When Kissinger was called out of the meeting, Kubisch informed Huerta that a "variety of Chilean governmental and military authorities" had made requests for "rifles, bayonets, submachine guns, ammunition, and tear gas." Karkashian noted that the Chilean government had also requested "training in such sensitive areas as counter-insurgency, psychological warfare and detention camp organization and management." Kubisch informed Huerta it would extremely difficult for the U.S. Government to comply with the requests at the present time. (Telegram 207026 to Santiago, October 18; National Archives, Nixon Presidential Materials, NSC Files, Country Files, Box 777, Latin America, Chile, Vol. 8, 1 January 1973–31 March 1974)

the new government, and that the Minister should start with this assumption.

Regarding practical problems, the Secretary said, the Minister should first understand the very complex domestic situation in the United States and the fact that we had to advance carefully on specific issues. As an example, he pointed out that it would not be difficult to continue supplying certain military equipment under the arrangements which existed before; however, it would be difficult to supply such items as riot control and police-type equipment. The Secretary noted that it would be easier for us if these items could be obtained elsewhere. He said that if they could not be obtained from other sources, we would do whatever was necessary to help furnish them. Regarding regular military equipment, food, medicine, and the debt problem, the Secretary said we should have no difficulty in helping Chile. He said the United States was determined to see the new government succeed. Even if this proved difficult, the Secretary said, the United States would do what had to be done.

Regarding the domestic situation, the Secretary said, Minister Huerta was the better judge of Chilean necessities. The Secretary said that we realized certain things could cause problems due to the hostile press. He added that we would take the liberty from time to time to make our views known on a confidential basis. He said he would not bother the Minister with particular issues such as the question of asylum which had already been discussed with Mr. Kubisch. The Secretary said that what he wanted the Minister to understand was that our basic philosophy was to be supportive and helpful.

Minister Huerta thanked the Secretary for making the points he said he himself would have raised. The Minister said he had thought it might be necessary to explain the situation in Chile but after listening to the Secretary and after having talked with Mr. Kubisch earlier, he believed he could economize on everyone's time. He said he had come to Washington to present in absolute frankness the serious situation in Chile but he wanted to make clear that the principal effort for recovery must be made by Chileans. He said the circumstances were favorable because after the nightmare Chile had experienced, all Chileans were ready to go back to work. The Minister said that within this framework he believed it possible for Chile to present its needs and receive help from the United States.

The Secretary said that he was willing to talk about technical and practical matters, but he had total confidence in Mr. Kubisch to carry on such discussions. He said the basic issue was that the Minister understand clearly the United States position. He said Chile would have to help from time to time and take into account the problems of the United States; however, this would not affect the basic position; it

would simply be a matter of tactics. The Secretary said that the major effort the GOC must make was to prevent a partisan war in Chile. If the GOC believed it had to be brutal to accomplish this goal it must also understand that this could damage Chile in the external press.

Minister Huerta said that his government was fully aware of the unfavorable image being created by the foreign press. He added that while this was a matter of concern, the GOC was even more concerned with controlling the internal situation.

The Secretary said he thought they understood each other. He noted that the State Department was disciplined and would be more so in time. He said Mr. Kubisch's Bureau was already very disciplined and he expressed confidence in Ambassador Davis.

Minister Huerta said his government was very happy with Ambassador Davis who was a good friend of Chile. The Secretary said there was no question about that.

Mr. Kubisch noted that he had engaged in discussions earlier in the day with the Chilean delegation on economic and technical matters in which various U.S. agencies had also participated. He said that in these discussions the Foreign Minister had raised the question of how press inquiries should be handled.

The Secretary said that any press release should be as low key as possible and that he saw no need to announce anything now. Mr. Kubisch suggested that it simply be confirmed that a meeting had taken place. The Secretary said that a statement could be made merely noting that an exploratory meeting had taken place in which Chilean problems and needs were discussed. He added that the press should be given as little hard news as possible.

Minister Huerta said that the word "exploratory" could be misunderstood and wondered if it would not be preferable to say that a general discussion of bilateral relations between both countries had taken place. The Secretary agreed and asked if Minister Huerta had been in diplomacy before. When the Minister said "no", the Secretary noted that was the reason why the Minister was so good at it.

The meeting ended with expressions of satisfaction at the frankness of the exchange and the mutual understanding of each other's position.

146. Telegram 4992 From the Embassy in Chile to the Department of State¹

Santiago, October 12, 1973, 2330Z.

4992. Subj: Conversation with Pinochet.

1. At Columbus Day reception today junta President Pinochet said he would like a quiet moment to talk—so I went by his office at 7 p.m. tonight.

2. Pinochet was gracious and eloquent in expressing disappointment at my transfer. He said Chile greatly needed our help, both economic and military assistance. He added that if the junta government fails, Chile's tragedy will be permanent. I took the occasion to point out that political problems we are encountering at this time. A discussion of the Kennedy amendment, Teruggi and Horman cases, and the human rights problem ensued. Pinochet indicated that the Chilean government shares fully our concern for human rights, and is doing its best to prevent violations and loss of life. He added that this is not easy, as the left extremists continue to attack officers and soldiers, engage in sniping and attempt acts of sabotage. Half of the extremists' arms, Pinochet said, are still available to them, and motor and bazooka factories and all matter of other illicit arms manufacturing continue to be uncovered. If the army should let this problem get out of hand, the result would be far greater bloodshed than Chile is presently experiencing. If the left extremists had had their way, and had carried out their own autogolpe plan, there would have been a million dead. Nevertheless, Chile shares our concern and is doing its best. (The foregoing conversation was clearly understood by Pinochet to be private and in confidence).

3. I reiterated assurances of the good will of the USG and our desire to be helpful. I noted that we had some problems which would oblige us to defer consideration of Chilean requests in some areas. So far as economic and military aid are concerned, I said we would want to wait before addressing this question until the Kennedy amendment was clarified through a Senate-House conference. Regarding copper, Pinochet said Chile realizes it should pay compensation. He added, however, that Chile is broke, and will need some help getting on its

¹ Summary: Davis reported that during a meeting in Pinochet's office that evening the two men discussed the human rights problem in U.S.-Chilean relations, including the cases of Horman and Teruggi.

Source: National Archives, RG 59, Central Foreign Policy File, [no film number]. Secret; Immediate. Davis formally left his post on November 1; David H. Popper officially replaced him in Santiago on February 22, 1974.

feet if it is to be able to meet these and other obligations. He asserted that a large part of Soviet and Eastern European aid had been “a fraud”, as Chile had had to pay for it in copper.

4. In conclusion Pinochet said he would like to get together again after Huerta’s return, when Huerta and the junta had had the opportunity to sort out the results of Huerta’s U.S. trip.

Davis

147. Memorandum From Rob Roy Ratliff of the National Security Council Staff to the President’s Assistant for National Security Affairs (Kissinger)¹

Washington, October 15, 1973.

SUBJECT

Initial Post-Coup Support in Chile

With the Ambassador’s concurrence, CIA asks for approval to disburse \$34,000 which it promised under the 40 Committee’s 20 August 1973 approval—an approval CIA now considers invalid because of the coup.

This action—\$25,000 to help the Chilean Society for Industrial Development to purchase a small network of radio stations, and \$9,000 to cover travel costs for three Christian Democratic Party members to tour Latin America and Europe explaining their party’s decision to support the new Chilean government—was covered in the previous 40 Committee approval which the Agency, after consultation with State, considers invalid.

¹ Summary: Ratliff recommended that Kissinger reapprove a CIA proposal for funding pro-government groups in Chile.

Source: National Security Council Files, Nixon Administration Intelligence Files, Minutes of 40 Committee. Secret; Sensitive; Eyes Only; Outside the System. Scowcroft approved for Kissinger on October 15. Jorden concurred with Ratliff’s recommendation. Attached but not published is Tab A, a memorandum for the 40 Committee, October 10. In a Memorandum for the Record, October 15, Ratliff noted that the 40 Committee had telephonically approved the recommendation. (Ibid.) The Agency’s determination that the previous 40 Committee approval was invalid is discussed in *Foreign Relations*, 1969–1976, vol. XXI, Chile, 1969–1973, Document 366. On October 11, Kubisch requested Porter’s approval of the CIA proposal. (Department of State, INR/IL Congressional Liaison Files, 1959–1990: Lot 94D565, James Gardner Chron File) On October 16, Gardner confirmed that Porter thought that it was not necessary to vote on the proposal. (Ibid.)

Ironically, Under Secretary Porter said it was not necessary for him to vote on this proposal since it was covered by the earlier Committee action which he considers, in the absence of any contrary action, to remain valid; Defense, JCS and CIA 40 Committee principals approve this action.

RECOMMENDATION:

That you approve CIA's proposal to expend \$34,000.

148. Telegram 5088 From the Embassy in Chile to the Department of State¹

Santiago, October 18, 1973, 1958Z.

5088. Subj: W/W Deaths; Charles E. Horman.

1. Embassy informed afternoon October 18, 1973 that previously unidentified male body which delivered to morgue on September 18, 1973 and given autopsy number 2663 had been identified through fingerprints as being that of Charles E. Horman. Unidentified body delivered to Santiago cemetery on October 3 and apparently interred thereafter. Cause of death was by bullet wound. Body had been picked up on street by military and delivered to morgue.

2. Embassy sending note to foreign office requesting autopsy report and exhumation of body.

3. Embassy advising wife and father.

Davis

¹ Summary: The Embassy reported that the body of Charles Horman had been found and identified.

Source: National Archives, RG 59, Central Foreign Policy File, [no film number]. Limited Official Use; Immediate.

149. Telegram 5093 From the Embassy in Chile to the Department of State¹

Santiago, October 18, 1973, 2241Z.

5093. Subject: Conversation with Pinochet. Ref: Santiago 4992

1. Summary: I called on junta President Pinochet Oct 17. Conversation revealed GOC preoccupation with image in U.S. and sensitivity to need for both U.S. and GOC caution in development of overly close public identification. Pinochet expressed worry over need for large price increases but saw no alternative. PDC President Aylwin and Cardinal Silva plan visit U.S. to try to help with Chile's public image problem. End summary.

2. Like number of other Ambassadors, I made a routine request for a protocol call on junta President Pinochet a couple of weeks ago. Pinochet received me Oct 17 (and also received a number of other Ambassadors during the course of the afternoon).

3. Pinochet was in a relaxed and friendly mood. One thing which seemed to be exercising him, however, was a report he had just received that a Chilean by the name of F. Huneeus had been in touch with a John E. Reilly of the Overseas Development Council. Pinochet's information led him to believe that Reilly had put Senator Kennedy up to his human rights amendment to the Foreign Assistance Act. Pinochet asked me if I knew anything about Reilly. (Comment: so far as I can tell, Pinochet was exaggerating his suspicions on the basis of what he seemed to know. I expect to send Pinochet a brief note telling him what we know about Reilly from an old biographic register and a word about the Overseas Development Council—information which is not derogatory in either case. If the Department has derogatory information about Reilly which would make this course inadvisable, I would appreciate word.)

4. As Pinochet had told me earlier (reftel) that he wanted to talk about economic cooperation which he had had a chance to talk with Admiral Huerta, I asked about Pinochet's reaction to the Huerta trip.

¹ Summary: Pinochet and Davis discussed the image of the Chilean Government in the United States, Chile's economic problems, and U.S. assistance.

Source: National Archives, RG 59, Central Foreign Policy File, P750018–1223. Secret; Priority; Exdis. In telegram 5124 from Santiago, October 19, Davis reported on a conversation on human rights with Minister of Justice Gonzalo Prieto, during which Prieto informed him that detainees accused of pre-September 11 crimes would be tried in civilian courts. (Ibid., [no film number]) In September and October, the U.S. Government shipped a total of \$216,000 in medical supplies to Chile. (Telegram 218967 to Brasília, November 6; *ibid.*, Nixon Presidential Materials, NSC Files, Country Files, Box 772, Latin America, Brazil, Vol. 4, 1973–1974) Telegram 4992 from Santiago is Document 146.

Pinochet said he had had only a very brief opportunity to talk with Huerta, but his impression was that the trip had gone well. He smiled and said he understood we would like to be helpful, but in some cases would just as soon that help were funneled through Brazil or some other third party. So far as Chile's economic planning is concerned, Pinochet said rather apologetically that the GOC is behind schedule in working out its economic plans and needs. He left me with the impression he would be getting back to me on this subject before long.

5. Mentioning the fact that the U.S. Government has now brought a substantial amount of emergency medical supplies into Chile, I said I thought it might be useful if we put out a small press story. I added that we would be happy to follow any preference or guidance Pinochet might have in this regard and was therefore mentioning it to him. I said I thought it might be helpful at this moment to show our interest and support in this humanitarian field. Pinochet said he thought this would be a fine idea. His comment was that publicity on strictly humanitarian things would be fine but that we should keep "pretty quiet" about any cooperation in other fields. I agreed, and mentioned our assistance with mine detector gear as an example of the other kind of thing. (Comment: Both in regard to third country channeling of aid and publicity, Pinochet is showing considerable understanding of, and at least some sensitivity to, the problems our two countries face.)

6. In the general economic field, Pinochet said that the necessity to resort to very large price increases (Santiago 5065) was worrying him. He said he appreciated how painful these increases will be for Chilean consumers and particularly Chilean working people. He said the necessity for this was an inheritance from the Allende period and a dose of bitter medicine that Chile had to take in order to put itself on the way to recovery. (Comment: The Chilean Government is just beginning to take the painful economic steps necessary for recovery. Public morale pressures are sure to mount rapidly. Whether the junta will have the single-minded determination to follow through on its present course without backtracking remains to be seen.)

7. Pinochet told me that Cardinal Silva has promised him that he will try to help with Chile's public image problem abroad. Pinochet thinks the Cardinal may be able to travel up to Washington and talk with Senator Kennedy and other key political and church officials within the next week or two. I commented that the Cardinal was highly respected as a leading progressive figure in the church and he would have considerable influence. (Comment: PDC President Aylwin called on me morning Oct 18 and said he is also considering a trip abroad in which he will make some efforts to improve Chile's image. Aylwin expects to go to a political meeting in Hamburg and to visit Washington in early December. Aylwin will try to convince Kennedy and other

leading democrats that Chile needs U.S. assistance, and that help in Chile's economic recovery will speed normalization and the return to democratic institutionalism. Aylwin expressed some moral qualms about involving his party deeply in an apology for the junta—particularly because he fears the Ley De Fuga has been used on occasion to eliminate extremist opponents of the military regime. On balance, however, Aylwin seems to be coming around to the view that the junta government must be helped for the sake of Chile. Like Cerda, he characterized the PDC-Junta October 10 meeting as constructive.)

Davis

150. Telegram 212443 From the Department of State to the Embassy in Chile¹

Washington, October 27, 1973, 0004Z.

212443. Subject: GOC Requests for Military Supplies. Reference: Santiago 5121.

1. We concur in your judgment that a single coordinated channel for Chilean requests in this area would be undesirable at this time. Our thought had been that such a channel would provide for review of these requests at upper levels of GOC where perhaps sensitivity to political considerations involved would be more acute. However, your point that result could be clear priority lists headed by undesirable items is persuasive.

2. We note your assessment that the GOC is not likely to desist from pushing requests for sensitive military items. That may prove to be the case, but our minimum objective must be to minimize the damage that an insensitive Chilean attitude can produce. There should be no

¹ Summary: The Department concurred in the Embassy's view that a single coordinated channel for Chilean requests for military supplies would be undesirable, and it observed that the provision of lethal equipment in the prevailing congressional and public atmosphere would hurt the future ability of the U.S. Government to aid the Chilean Government.

Source: National Archives, Nixon Presidential Materials, NSC Files, Country Files, Box 777, Latin America, Chile, Vol. 8, 1 January 1973–31 March 1974. Secret; Priority; Nodis. Drafted by Shlaudeman; cleared by Gammon; and approved by Kubisch. In telegram 5121 from Santiago, October 19, the Embassy informed the Department it thought that a single channel for Chilean requests of military supplies would stimulate a very comprehensive list, substantially increasing the pressures on the Department for a prompt response, which would be politically damaging given the current climate. (Ibid.)

question that the provision of lethal equipment in the prevailing atmosphere of Congressional and public opinion could have severe consequences on terms of our future ability to assist and cooperate with the GOC. This is not to say that we are disposed to deny matériel critically needed by the junta and unavailable elsewhere. It does mean that GOC should weigh carefully its requirements in light of Chile's longer-term interests and keeping in mind other sources of supply.

3. Our impression has been that Foreign Minister Huerta and Admiral Eberhard are reasonably receptive to this line of reasoning. We recognize that other ranking Chilean officers may not be, but would hope for sufficient sophistication among the key officers to make our educational efforts worthwhile. We will continue and reinforce these efforts here, as we know you will there.

Kissinger

151. Telegram 216697 From the Department of State to the Embassy in Chile¹

Washington, November 2, 1973, 2158Z.

216697. Subject: Copper Compensation Problems. Ref: (A) Santiago 5141; (B) Santiago 5168; (C) Santiago 4754.

1. Our objective in this remains to achieve recognition of debt and just compensation for equity in accordance with international law as

¹ Summary: The Department informed the Embassy it did not intend to pressure either the copper companies or the Chilean Government to reach an agreement on compensation for expropriation, and the Department recommended direct negotiations between the companies and the Chileans.

Source: National Archives, RG 59, Central Foreign Policy File, P750026–2009. Secret; Priority; Exdis. Drafted by Shlaudeman and Feldman; cleared by Karkashian, Kennedy, Miller, Hunt, and Lee; approved by Kubisch. In telegram 5141 from Santiago, October 23, Davis described Saenz's plans for compensating the U.S. copper companies expropriated during Allende's tenure in office. (Ibid., P750018–1215) In a December 12 conversation with Kubisch, Saez asked that "the USG not press too hard on the ITT case because of its sensitive nature" and expressed concern that if it became a propaganda issue it would exacerbate an already difficult problem. However, Saez suggested that discussions on ITT could begin as early as January 1974, and Kubisch agreed. (Telegram 245016 to Santiago, December 14; *ibid.*, P750029–0776) On March 13, 1974, Cerro reached a compensation agreement with the Chileans. (Telegram 1270 from Santiago, March 14, 1974; *ibid.*, [no film number]) On July 13, 1974, Anaconda reached a settlement. (Telegram 4125 from Santiago, July 13, 1974; *ibid.*, D740188–0393) On October 23, 1974, Kennecott reached a settlement. (Telegram 6444 from Santiago, October 23, 1974; *ibid.*, D740302–0628)

stipulated in the Paris Club Agreement of April 19, 1972. Satisfactory resolution of this and other expropriation issues is necessary not only to protect the rights of U.S. nationals and broader U.S. investment interests, but to make it feasible for the USG to provide or support the financial assistance the new government will need.

2. At this stage we believe the USG should not be in the position of pressuring the parties on either side, of mediating negotiations, or of giving GOC an independent assessment of its proposals. Therefore, you should advise Saenz that in our opinion the only way to test the practicality of his proposals is to go forward with direct discussions with the companies. (FYI: we are unable to predict at this point whether Kennecott might eventually be persuaded to accept \$80 million for its 49 (percent) equity. It is not at all clear that Kennecott has thought through its strategy or objectives. Nor are we confident that a rapid settlement with Anaconda is in prospect. Apparent cordiality of initial meeting with Quigley does not mean that Saenz can expect less than tough bargaining in that quarter. End FYI)

3. We see considerable merit in the GOC taking these cases one at a time, pressing to resolve the easier ones while working more gradually to narrow the differences in the others. A prompt resolution of the Cerro case followed by a settlement on Exotica and with Anaconda might set the stage for eventual agreement with Kennecott. At an appropriate time, if necessary, the USG would be prepared to use its good offices to help facilitate the resolution of any dispute that cannot otherwise be settled. However, it would be premature for USG to intervene at this point. We will, of course, appreciate being kept closely informed as the talks proceed so as to be prepared if our direct assistance should be required.

4. We believe a word of caution to Saenz is in order on another point. There is a danger that GOC will become locked into a particular procedure or framework that may not hold practical solutions in all cases. Although a reconstituted copper tribunal might play a useful role in certain respects, we have some doubt that adequate solutions can be based on corrections of mathematical errors in previous calculations and we wonder whether the tribunal would be a suitable means of resolving disputes that cannot be negotiated. The GOC should consider whether the tribunal can be used in any case without precluding other procedures, such as direct settlement or arbitration, in more difficult cases, and without endorsing concepts such as the excess profits deduction which the United States could not accept for broad legal and political reasons. In sum, we believe it important that the GOC maintain the possibility for maximum flexibility pending substantive discussions with the company.

5. A consideration also worthy of GOC's attention is importance of maintaining contact with and favorable attitude of the companies. Walsh expected a telegram inviting him to resume negotiations by end of last

week. He has had no word until now despite telephone calls to Santiago and inquiries of Embassy here. We realize that Saenz is stretched thin and that GOC must deal with a mountain of pressing problems. Nevertheless, it should be possible to establish a preliminary schedule for talks and to keep in touch with companies. (Anaconda has now been informed by GOC that it will be back to them by mid-November) if Saenz finds it difficult to travel to New York, and we can understand why he would, he might wish to hold next round of meetings in Santiago. (Walsh and Anaconda heard that GOC may be in process of establishing a special commission to handle expropriation problems. Any info you may have on this point would be appreciated.)

6. We will furnish comments on ITT problem in septel.

Kissinger

152. Memorandum for the Record¹

Washington, November 5, 1973.

SUBJECT

40 Committee Actions

[Omitted here is material unrelated to Chile.]

2. The Chairman concurred with CIA that the military coup of 11 September in Chile changed the political scene so completely that the Committee's 20 August 1973 approval of a major covert political action initiative ("Chile: Request for Funds to Support Opposition Political Parties and Private Sector Organizations through June 1974," dated 13 July 1973) is not valid, and that CIA should submit any new plans for covert action to the Committee for approval.

[Omitted here is material unrelated to Chile.]

¹ Summary: The Chairman of the 40 Committee concurred with CIA that the September 11 coup in Chile so completely changed the political situation that previous approvals of covert action were no longer valid.

Source: National Security Council Files, Nixon Administration Intelligence Files, Minutes of 40 Committee. Secret; Sensitive; Eyes Only. The August 20 approval is referenced in footnote 4 in Document 340 in *Foreign Relations, 1969-1976*, vol. XXI, Chile, 1969-1973.

153. Briefing Memorandum From the Assistant Secretary of State for Inter-American Affairs (Kubisch) to Secretary of State Kissinger¹

Washington, November 16, 1973.

Chilean Executions

You requested by cable from Tokyo a report on this subject.

On October 24 the Junta announced that summary, on-the-spot executions would no longer be carried out and that persons caught in the act of resisting the government would henceforth be held for military courts. Since that date 17 executions following military trials have been announced. Publicly acknowledged executions, both summary and in compliance with court martial sentences, now total approximately 100, with an additional 40 prisoners shot while “trying to escape”. An internal, confidential report prepared for the Junta puts the number of executions for the period September 11–30 at 320. The latter figure is probably a more accurate indication of the extent of this practice.

Our best estimate is that the military and police units in the field are generally complying with the order to desist from summary executions. At least the rather frequent use of random violence that marked the operations of these units in the early post-coup days has clearly abated for the time being. However, there are no indications as yet of a disposition to forego executions *after* military trial.

The Chilean leaders justify these executions as entirely legal in the application of martial law under what they have declared to be a “state of siege in time of war”. Their code of military justice permits death by firing squad for a range of offenses, including treason, armed resistance, illegal possession of arms and auto theft. Sentences handed down by military tribunals during a state of siege are not reviewable by civilian courts.

The purpose of the executions is in part to discourage by example those who seek to organize armed opposition to the Junta. The Chilean military, persuaded to some degree by years of Communist Party propaganda, expected to be confronted by heavy resistance when they

¹ Summary: Kubisch informed Kissinger of the arrests and executions in Chile, concluding that the junta was desisting from summary executions.

Source: National Archives, RG 59, Central Files, 1970–1973, POL 29 CHILE. Secret; Nodis. Tab A and Tab B are published. In airgram A–218 from Santiago, November 9, the Embassy described the security situation as of the end of October and outlined the measures taken by the Chilean Government during the state of siege. (Ibid., POL 23–9 CHILE) Kissinger was in Japan November 14–16.

overthrew Allende. Fear of civil war was an important factor in their decision to employ a heavy hand from the outset. Also present is a puritanical, crusading spirit—a determination to cleanse and rejuvenate Chile. (A number of those executed seem to have been petty criminals.)

The Junta now has more confidence in the security situation and more awareness of the pressure of international opinion. It may be a hopeful sign that the Junta continues to stall on bringing to trial former cabinet ministers and other prominent Marxists—people the military initially had every intention of standing up before firing squads. How the military leaders proceed in this area from now on will be influenced to some degree by outside opinion, and particularly by ours, but the major consideration will continue to be their assessment of the security situation.

At Tab A is a Chile situation report and at Tab B a fact sheet on human rights in Chile.

Attachments:

Tab A—Situation Report

Tab B—Fact Sheet

Situation Report: Chile

The country is calm at the moment and there is little overt challenge to the military's firm control. Seven leftists reportedly died in an attack earlier this week on a military post in a Southern city. This, however, was the first such leftist initiative since mid-September. The general impression is that the Marxist left has given first priority to underground survival in the face of unrelenting pressure.

The Junta has announced that state of seige measures will remain in force for at least another eight months, but they have relaxed the curfew somewhat, revoked on-the-spot executions, placed some restrictions on searches, and promised that persons charged with civil offenses committed before the coup will be prosecuted under standard civil procedures. Although the traditional parties are well represented on the commission charged with drafting a new constitution, there is growing apprehension among them that the Junta's "anti-political" orientation will close off normal political activity for a long time to come. Again ruling out any timetable for turning Chile back to the civilians, Junta President Pinochet reinforced these fears by placing much of the blame for the country's present state on politicians in general.

Security and political preoccupations are receding somewhat in the face of economic issues. The October cost of living rose 88 per cent, bringing the cumulative total for 1973 to 528 per cent, reportedly the highest in the world. Although the cost of living surge was anticipated in allowing artificially controlled prices to seek their true levels, the resulting eco-

conomic hardship has had a serious impact on lower and middle income groups. As a result, the government's tough stabilization policy is coming under fire from various quarters. Despite subsidies to wage earners, falling liquidity and growing unemployment raise the threat of recession. IMF and CIAP missions are currently in Chile, studying the Government's economic stabilization plans.

The IMF tentatively projected a potential 1973 balance of payments deficit of \$800 million. Assuming debt relief of some \$350 million is obtained from the Paris Club and other creditors, the foreign exchange gap would be reduced to \$450 million. According to the Chileans, private U.S. and Canadian banks have already pledged \$171 million in new financing of which \$70 million is in highly liquid dollar acceptances. Also, the IMF is likely to provide at least one credit tranche of \$43 million by year's end. These credits will lessen the gap but a considerable balance of payments deficit is expected to remain at the end of the year. Additional credits may be forthcoming from West Europe, Japan, Brazil and Argentina although most of these are likely to materialize after the first of the year.

Internationally, the Junta's repressive image continues to plague it. Italy still withholds recognition, and reaction continues strongly adverse among West European socialist governments. This attitude was manifested in the stalling of IBRD loans to Chile, despite the fact that the Junta has made good on the Allende Government's IBRD arrearages, and in the continued suspension of bilateral lines of credit.

Chilean Ambassador Heitmann presented credentials to President Nixon on November 9. On November 14, we announced our second CCC credit to Chile—\$24 million for feed corn. Our longstanding commitment to sell two surplus destroyers to the Chilean Navy has met a reasonably sympathetic response in Senate consultations. The Chileans, meanwhile, have sent us several new requests for controversial military equipment.

Media criticism and Congressional inquiries growing out of the deaths of two American citizens—Frank Teruggi and Charles Horman—continue heavy. The only negative line of inquiry during Ambassador Davis' appearance before the Senate Latin American Subcommittee concerned Horman. A Jack Anderson staffer has already telephoned our Consulate in Santiago; we also expect in-depth coverage from the *New York Times* which is now making inquiries. We have instructed Embassy Santiago to deliver a note underlining our desire for a full investigation of the circumstances of death and specifying unanswered questions and discrepancies in GOC explanations thus far. Our Chargé has already prepared the Foreign Ministry for this démarche and impressed upon it the need for prompt, specific answers.

FACT SHEET—HUMAN RIGHTS IN CHILE

(Prepared November 15, 1973)

Figures without asterisk are from public sources.

Total arrested in Chile since September 11	13,500*
Arrested originally and held in National Stadium in Santiago	7-8,000
Released from Stadium	6,500
Presently held in Stadium	0
Detained in Santiago jails	550
Detained outside Santiago	2,000
Estimated number serving sentence or pending trial	1,500*
Executions acknowledged	100 (approx)
Executions according to intelligence source	320*
Number killed attempting to escape military custody	40
American citizens detained (27 detainees had been released by October 17)	0
American citizens dead since coup	2
Safeconducts issued to asylees in Embassies	1,791
Safeconducts issued to others	3,100
Safeconduct requests not yet acted upon	408
Departed from Chile (Chileans and foreigners)	2,000 (approx)
Foreigners registered with UNHCR for permanent resettlement	
In safe havens (refugee camps, etc.)	820
At home (possibly some under house arrest)	824
In diplomatic missions	172
In GOC detention centers	203
Total number still in foreign Embassies	N.A. (368 a/o mid-Oct.)

Total dead: According to Chilean authorities	600 (approx)
According to Barnes article in October 8 <i>Newsweek</i>	2,796
According to October 21 <i>Washing- ton Post</i> article on CIA Director Colby's statement to Congres- sional Committee	2–3,000
Recent SRF source estimate	1,500*

154. Telegram From the Station in Chile to the Central Intelligence Agency¹

Santiago, November 24, 1973.

1. Embassy in general and Consulate in particular are being charged with inefficiency and negligence in handling of Frank R. Teruggi and Charles E. Horman cases. Following paragraphs contain background on more important aspects of involvement of [consular officers John Hall and James Anderson] [*1 line not declassified*]. Headquarters may wish to refer to Embassy telegrams Santiago 5132, 5135, and 5143 for chronological listing of events in these two cases.

2. The fact that Horman had been detained was first reported to the Consulate morning of 18 Sept by telephone. Caller had no specific info to provide, but based on call Consul Purdy contacted DEA and MilGroup to get search underway. Since Horman had never registered

¹ Summary: Following allegations that U.S. officials had mishandled the cases of Charles Horman and Frank Teruggi, the Station provided an account of actions by two consular officers assigned to the cases.

Source: Central Intelligence Agency, Office of General Counsel, Job 12–01548R: Legal Subject Records Files (OGC), Box 1, Chile Special Search Project, CIA Documents Denied in Full Pertaining to Charles Horman and Frank Teruggi—Gonzales/Privacy Issues—[*text not declassified*]. Secret. Printed from a copy that the CIA Review Staff forwarded to the House Select Committee on Intelligence on January 19, 1976. To prepare the copy for the Committee, the telegram number and time, and the names of the two consular officers were deleted from the copy. The officers are identified here, however, by bracketed insertions. The identifiers “Officer A” and “Officer B” were handwritten on the copy prepared for the Committee. No original copy of the telegram has been found. In telegrams 5132 (October 20), 5135 (October 20), and 5143 (October 23) from Santiago, the Embassy forwarded a detailed three-part chronology of its efforts to account for Horman’s welfare and whereabouts. (All telegrams are in the National Archives, RG 59, Central Foreign Policy File, [no film number]) In telegram 5129 from Santiago, October 19, the Embassy provided additional information on the role played by Timothy Ross, a British journalist, in the Horman case. (Ibid.)

at Consulate, basic bio data was not immediately available. On 19 Sept at approx 1100 hours Mrs. Joyce Horman (wife of Charles) appeared at Consulate to report fact her husband missing. [3 lines not declassified]

3. Officer A [John Hall] told Mrs. Horman that Consulate had received reports that her husband missing and that search was underway. She was asked to provide needed bio data on both her husband and herself, which she did. Naturally, she was distraught, nervous and frightened. Officer A told her to keep in frequent touch with the consulate. She asked for transportation and Embassy escort to take her to her home and was told that consulate not able to provide that service. She asked what further steps she could take and was instructed to report the disappearance to the uniformed national police (Carabineros). Details of the conversation and the additional bio data was passed by Officer A to Consul Purdy. Officer A had no further contact with Mrs. Horman nor did he speak with Edmund C. Horman, father of Charles. As part of efforts by all Consulate officers to track down leads in the Horman case, Officer A interviewed a friend of the Hormans, Mario Carvajal, on 6 October. Carvajal provided information which indicated the army probably had Horman in custody as of 0800 hours, 18 Sept. At that time Carvajal's wife was called by a person identifying himself as a member of the sim. The caller asked if the Carvajal's "gringo" friend was an extremist; they answered that they did not know his (Horman's) political leanings. At Officer A's request, Carvajal dictated and signed a sworn statement of his recollection of the telephone call.

4. Officer B was introduced to Mrs. Horman on 6 October but had no conversations with her. However, Officer B had two conversations with Mr. Edmund Horman. Circumstances behind these two conversations are as follows:

A. On 8 October Timothy Ross, British journalist, contacted the Consulate to advise that he had info possibly bearing on the Horman case. Officer B talked with Mr. Ross on that date. The lead provided by Mr. Ross, after investigations, turned out not to refer to Horman, however, Mr. Ross indicated that because of three years experience in Brazil he had good leftist contacts and would check with them to see if they knew anything about Horman's disappearance. On 11 Oct Mr. Ross said he had received word from his contacts that there was a system in existence for getting wanted people out of Chile secretly and that this escape pipeline had three Americans in process for clandestine departure. The contact said one of the persons was Horman. Ross was asked to get proof relative to this, such as a letter from Horman or some other definite indications. Ross said he would try. On 12 Oct Ross [illegible] advised that his contacts confirmed that Horman was in the escape pipeline. (Please see Embassy telegram Santiago 5129.)

At the request of Ambassador Davis, arrangements were made by Officer B for Mr. Horman to meet with Mr. Ross the evening of 16 Oct to detail the above story to Mr. Horman. At the specific request of the Ambassador, after the meeting was concluded, Officer B called Mr. Horman aside and, following instructions of Ambassador, said: "If you put any credence in the information from Mr. Ross, you may wish to consider that any continuing Embassy pressure in this case may be double-edged." It was obvious from Mr. Horman's reaction that he did not like this statement. He replied, "I trust your judgement more than mine, but I realize any decision would have to be made by me."

B. On 19 Oct (the day after the body of Charles had been found), Mr. Horman came to Consulate looking for Consul Purdy at about 1310 hours. Officer B was the only officer present in the Consulate at that time. Mr. Horman went to lunch with Officer B where they joined a secretary and another Vice Consul. Conversation was normal during lunch and subject of son was not touched upon. Upon return to Consulate, since Mr. Purdy was still not present, Mr. Horman sat down in Officer B's office to wait. Mr. Horman said he blamed the Embassy in part for not saving his son's life but said he realized that not everyone was to blame. He said his son had been anti-establishment, but that was no reason to kill him. Officer B made no effort to counter any of his statements or to argue with him, instead just listened. During his discourse, Mr. Horman indicated that he was going to do his best to get the Inter-American Police Academy closed, because "the U.S. helped train the people who shot my son." The only definitive statement made by Officer B to Horman during this time was: "Mr. Horman, I can only say that both our official and unofficial contacts with the Chilean military have indicated that your son was never officially listed as being in the National Stadium." Horman replied: "Oh, I don't believe he was officially listed. To find out what happened, you would have to talk to military intelligence and not regular army officers." At no time did Mr. Horman indicate any antagonism toward Officer B. Altho he did criticize some Embassy officers without naming them, it was obvious, however, that he was referring to Captain Ray Davis, Consul Purdy, PAO James Halsema, and Ambassador Davis.

5. Throughout the period Officer B was actively involved in carrying out investigations, such as neighborhood checks to locate witnesses to the detention, visiting the National Stadium, and visiting the morgue as part of the Horman case. However, primary activity in this case as well as the Teruggi case was undertaken by Consul Purdy.

6. In the Teruggi case, Officer B interviewed friends of Teruggi, including Steven Volk, Irena Munoz (fiancée of David Hathaway, Teruggi's roommate), and others. Officer B accompanied Volk to the morgue, along with an Embassy officer temporarily detailed to the

consulate, to identify the body of Teruggi. Altho we have not seen Volk's sworn statement made in the U.S., he apparently criticized Consul Purdy for not allowing him to try to identify the body of Teruggi earlier. This criticism is justified because Volk asked Officer B if he could see the body because Hathaway had not been positive that the body was not that of Teruggi. (Hathaway had been unable to identify the body when he was taken to the morgue by Consul Purdy.) Consul Purdy refused, and Volk overheard the refusal later in the day. Officer B was able to convince Purdy that Volk should be allowed to view the body. In a letter to the *Wall Street Journal*, Volk mentioned having gone to the morgue with Officer B.

7. [less than 1 line not declassified] both Officer A and Officer B did everything in their power to assist in the attempt to locate the two missing Americans, as well as assisting other U.S. citizens who may have been in trouble or believed that they might be. Neither believe that they undertook any action or made any statement which would discredit the Consulate [less than 1 line not declassified].

155. Memorandum From the Director of Operations Policy of the Bureau of Intelligence and Research (Gardner) to the Deputy Director of the Bureau of Intelligence and Research (McAfee)¹

Washington, November 27, 1973.

SUBJECT

ARA–CIA Weekly Meeting, 23 November 1973

PARTICIPANTS

ARA—Messrs. Kubisch, Shlaudeman and Bowdler (for latter half of meeting);
CIA—Mr. Flannery and INR/DDC—James R. Gardner

Chile

Most of the discussion centered around the CIA proposal for giving covert assistance to the Chilean PDC and private sector organizations. The sum proposed is [*dollar amount not declassified*], of which [*dollar amount not declassified*] would go to the PDC, [*less than 1 line not declassified*] and another [*dollar amount not declassified*] for contingencies. The purpose of the assistance, as explained in the CIA memorandum of proposal and by Mr. Flannery, is to help the PDC and elements in the private sector bridge the radical change in the situation brought about by the Junta's overthrow of Allende.

Mr. Shlaudeman said that in his view the rationale for extending the assistance was a negative but real one. If we held off now we could be causing ourselves trouble, for it would look as if we had been interested simply in knocking off Allende. There was no question in his mind that a most important objective was for us to get out of political action in Chile once and for all. But the proposed program was a minimum one for a minimum time. He felt it should be extended with the clear understanding that after such and such a date the party would be over.

Mr. Flannery said that one problem was that reflected in the claim of the PDC that, if there were no PDC activity, the only ones that would

¹ Summary: Department and CIA officials discussed the possible provision of secret assistance to the PDC and other private sector organizations in Chile.

Source: Department of State, INR/IL Historical Files, Congressional Liaison Files, 1959–1990: Lot 94D565, James Gardner Chronological File. Secret. The CIA's memorandum of proposal has not been found. On December 7, Gardner outlined reasons for covert action in support of the PDC. By his estimation, such action would support centrists as opposed to right-wing groups, support democracy in Chile, and strengthen a group that could perhaps compel the junta to curtail human rights abuses. Gardner added that exposure of the assistance would not damage the reputation of the U.S. Government since the motive was to prevent the extinction of democracy, and that an abrupt cut-off of assistance might create resentment in the PDC. (Ibid.)

benefit would be the Communists, since they would continue to operate and would continue to receive money.

Mr. Shlaudeman commented that this claim presumed a condition in Chile that was unlikely; that is, one in which the military would tolerate political activity by the Communists. Nonetheless, without the help of the PDC it was quite possible that the Junta would not be able to perform as an effective government, especially in the economic sphere. It needed the help of talented members of the PDC, although not necessarily that of the PDC itself. But a PDC break with the Junta, because of the effect it might have on individual dispositions to cooperate, could mean a breakdown in the effectiveness of the new government.

Mr. Kubisch said that, as we knew, he was in principle opposed to covert political operations:

(1) The political action possibilities available to us through CIA represented a means of influencing events and an instrument for action that should be used only if there were need.

(2) Given the evolution of events in the South American region in the last 25 years, and the increasing polarization in the region of contending political elements, and the history of our involvement in covert political and military action, we had to be extremely careful about using this instrument. In his view, we should employ it with the greatest reluctance and only when no other and better means were available. The damage to the US and to the USG were it to become known that we were engaged in covert operations could be very great, and across the board, in today's world. We have been hurt by publicity about covert programs. Therefore his initial stance would be one of strong skepticism when proposals for covert political action were raised. His preference was for none whatever in the hemisphere. It would be good if we could go for years without resorting to them, if such restraint would do us no harm. Therefore he would recommend use of such programs only if there were no other way to accomplish a vitally important end.

(3) He nevertheless wished to consider the present proposal carefully. The importance of Chile and the views of important US officials who were concurring in the proposal commanded our most careful attention. But his first reaction was clearly negative.

Mr. Kubisch then referred to the help that we had given to anti-Allende elements in the 1970 election and said that whatever it was we had done, we had done it to oppose Allende and we had not achieved our objectives. Our interests in Chile as a result of the 1970 elections came under direct and material threat. We now have a different situation in Chile. While it was understandable that we felt it necessary to oppose Allende in 1970, and to help his opposition once he was in office, the question now was whether, given the abrupt change in Chile and in the security situation there, it was really essential to fine tune a political situa-

tion simply to be a moderating influence and to help the opposition stay alive. He found it difficult to see a persuasive case that we should do so. His feelings were sharpened by the problems that seemed to be emerging between the Junta and the PDC, and by the fact that the Secretary had made it clear that the change in regime in Chile was very much in our interest and that we should do all we could to help the Junta succeed. In view of the Secretary's remarks, he would not be comfortable recommending assistance to any element in Chile that was not completely identified with the Junta. It was not essential to the success of the Junta that the PDC survive as an entity. He mentioned in this regard the situation in Mexico and Brazil.

Mr. Shlaudeman said that the case of the PDC in Chile was to be distinguished from Brazil and Mexico since the PDC was a real party with a real base, and it was the only real surviving element in the political system. What we were talking about in this proposal was help only in a transitional term. It was perhaps correct to say that the survival of the PDC as a party was not important—but what was important was that we not give the impression that we had no problems with a right wing dictatorship and that we had no interest in the survival of democracy in Chile after all that we had said over the years. He therefore still felt it would be best to tell the PDC that we would finance it for three to five months but that we were getting out of this kind of activity for good in very short order, that it was up to the PDC to put its house in order.

Mr. Shlaudeman said he was talking only about assistance to the PDC, he was against that part of the proposal that had to do with [*less than 1 line not declassified*]

Mr. Shlaudeman said that in his view, based on what he knew of the operations in Chile, the security risk would be minimal. The reaction of the junta if it found out about our assistance to the PDC would not be great if our aid went to the more conservative wing of the party and not to that represented by Tomic. Six or seven months from now, he said, the reaction would probably be somewhat sharper.

Mr. Kubisch asked what would happen if in January or February the Junta found out that we had made money available to the PDC. They naturally would ask what the hell we were doing, were we still intervening in Chile; still meddling? If we could say that our program had ended with the overthrow of Allende, our position would be sound, but if, on the other hand, we had to say that we had given a little to help the PDC over a transitional period, wouldn't the reaction be bad?

Mr. Shlaudeman said he really didn't think it would be.

Mr. Kubisch said that when Allende had been president, it was possible to make a case that his opposition should be supported. Now, however, the situation was much different, the right wing was in control.

Were we perhaps not saying simply that the situation had gone too far the other way for our taste? In gross terms, when a major threat to US interest was involved, we should use means to correct the condition, no matter how extreme they might be. This was not such a case. Just because we did not like a government was no reason to intervene in their countries. He himself didn't like the Junta but he could not see it as a serious, extreme threat to our interests.

Mr. Shlaudeman said he agreed, but said that he was worried about the effects of a drastic, immediate cut off right now, especially since we had been saying every since 1962 that our primary interest in Chile was the survival of democracy.

Mr. Kubisch responded that Chilean democracy had taken the country close to disaster. He felt that, attractive as an orderly disengagement would have been, the present circumstances did not make this the preferable option. There were a lot of things that we favored abroad, that we thought were good things, but simply because we felt that way was no reason to use covert action to see them realized, unless, as he had said before, our interests were actually gravely threatened.

Mr. Kubisch concluded the discussion by saying that he wished to think about the matter a little more, even though he saw little prospect that his mind would change. It was agreed that Mr. Shlaudeman would speak to Ambassador Davis if the latter might advance any considerations that had not be given sufficient attention.

The meeting ended with brief discussions about Peron's health, electoral prospects in Venezuela, and the stability of the government in Peru.

156. Telegram 303 From the Embassy in Chile to the Department of State¹

Santiago, January 18, 1974, 2130Z.

303. Subject: Request for Equipment by Chilean Air Force.

1. I have received letter dated January 15, 1974 from General Leigh, junta member, and CINC Chilean Air Force (FACH) requesting U.S. Government support in acquiring equipment to increase operating efficiency of FACH. Equipment desired is:

A. Fighter-bombers: 18 F–5E aircraft; 18 A–7D aircraft.

B. An air defense system consisting of: 7 groups of 35mm guns (approximately 28 guns); 3 medium range missile batteries; 7 short range missile batteries; 2 fixed warning radars; 4 mobile warning radars; and 4 mobile command and control radars.

2. Letter notes that F–5E acquisition “already underway” and re other items states that for many reasons Chile prefers to acquire equipment from U.S. sources and realizes this will require decided USG support. Leigh requests urgent decision.

3. I am sending interim reply acknowledging receipt of letter and indicating it being forwarded to Washington for consideration. Copies both letters being pouched.

4. Comment: We have been told informally that Chile is attempting to secure credits for the F–5E acquisition from sources outside the U.S. and that the FACH share of any U.S. FMS credits will be applied to other referenced systems (the A–7D and the air defense system). We also understand that Chile is looking at the British MK–2 Buckaneer aircraft as well as the A–7D aircraft and will acquire whichever appears to be first available.

5. Action: Request guidance for definitive reply to General Leigh.

Thompson

¹ Summary: The Embassy forwarded a request from General Leigh for U.S. Government support in acquiring aircraft and an air defense system.

Source: National Archives, RG 59, Central Foreign Policy File, [no film number]. Confidential. Repeated to SecDef, JCS, CSAF, and USCINCSO. In a December 3, 1973, letter to the Northrop Corporation, Leigh expressed the “firm intent” of the Chilean Air Force to purchase fifteen F–5Es and three F–5Fs. Leigh recognized that some elements of the aircraft were government-furnished equipment and would have to be purchased through the U.S. Government, and requested Northrop contact the U.S. Government on the matter. (Memorandum for the Record, January 19, 1974; Washington National Records Center, OSD Files, FRC 330–79 0061, Negotiations–Chile Sales) On January 23, the Department instructed the Embassy to demur if Leigh sought a response to his January 15 request. (Telegram 14758 to Santiago, January 23; National Archives, RG 59, Central Foreign Policy File, [no film number])

157. Transcript of the Secretary of State's Staff Meeting¹

Washington, January 31, 1974, 3:08–3:58 p.m.

[Omitted here is discussion unrelated to Chile.]

Mr. Kubisch: We've got a problem arising from Chile with heavy armaments that affect our arms program and other considerations. The Chileans have just informed us informally that they're going to request the opportunity to buy 18 F-5 aircraft at a cost of about 50 or 60 million dollars and that they would like to go ahead and acquire 15 medium tanks that they had requested last September, just before Allende was overthrown, under an FMS credit arrangement. The problem here is this: We don't have the official request yet on the aircraft. If they spend 60 million dollars of their own money, they're talking about borrowing the money on their own commercial terms for buying the aircraft; and it's going to make it very difficult for us and for some of the financial institutions to give them the kind of economic and financial help they're going to need over the coming months, because the attitude will be that they're spending for aircraft and things they don't really need.

On the other hand, the military junta in Chile feel they definitely need this because the Soviets have delivered Soviet medium tanks to Peru. And, as you know, there's a real problem between Peru and Chile. We just are really becoming seized with this problem and will be doing an analysis on it and making recommendations on it.

Secretary Kissinger: But what do you think your recommendations are going to be?

Mr. Kubisch: I think my recommendations from ARA are going to be to give the tanks, about 15 million dollars worth, under the FMS program,

¹ Summary: Kissinger and Kubisch discussed the Chilean Government's interest in acquiring heavy weaponry. Kubisch noted that large purchases of tanks and warplanes would make it politically more difficult for the U.S. Government and international financial institutions to provide needed economic assistance to Chile. Kissinger expressed the view that the Chilean Government should be allowed to decide for itself whether or not to buy the equipment.

Source: National Archives, RG 59, Transcripts of Kissinger Staff Meetings, Lot 78D443, Box 2, Secretary's Staff Meetings. Secret. Kissinger chaired the meeting, which was attended by all the principal officers of the Department or their designated alternates. The Mexico City meeting to which Kissinger referred was a regional Meeting of Foreign Ministers planned for February 1974. In telegram 680 from Santiago, February 11, the Embassy reported that Kubisch had affirmed to Huerta in a February 10 meeting that U.S. policy was to support the junta in Chile and had added that the Chilean Government would have to do what it could to deal with the human rights situation and to improve its international image. (Ibid., Central Foreign Policy File, [no film number]) In telegram 710 from Santiago, February 13, the Embassy reported that Kubisch and Huerta had discussed Peru's military buildup and the possibility of a Peruvian attack on Chile. (Ibid.)

because it was on credit sales requested from the Allende government and from the Soviet tanks in Peru.

On the aircraft, we will probably recommend that we give them the license to buy them—they buy them with their own money. But we're going to have to do it after weighing the implications of that on economic assistance programs. And, finally—

Secretary Kissinger: Can they be given an option of weighing these economic programs?

Mr. Kubisch: Consult.

Secretary Kissinger: Consult—but don't beat them over the head. I mean we're not—no: I know we have the strong conviction that we know better what's good for other people than they do.

I think we have to reassess the whole arms delivery program in Latin America. With the military markets being what they are, I don't see why it is in the American interest for French planes—not to speak of Russian planes—to be bought by governments.

Mr. Rush: Right.

Secretary Kissinger: It seems to me that military governments are going to buy equipment and can not be denied equipment by our conception of what their country requires. And all we're going to do is to create a group of Nasser-like colonels in these countries. And, therefore, I think—basically, I mean, we should tell them what the impact on the aid program will be.

We should also make clear that we'll support an aid request for them anyway. But if then they want to go ahead, my inclination would be to let them buy it.

Mr. Kubisch: That's certainly my inclination.

I should say that there was a meeting on the Hill with Ambassador Popper and Harry Shlaudeman in our Bureau, with about 15 administrative aides of Senators and Congressmen, earlier this week, on Chile. And several of them—particularly, an aide to Senator Church, an aide to Senator Kennedy, an aide to Senator Inouye—

Secretary Kissinger: I have no doubt.

Mr. Kubisch: —said, "We want you to know, Ambassador Popper and Mr. Shlaudeman, that we're watching very closely what the Administration is going to do on assistance to Chile—another Greece-sort of problem. Then we're going to crank it right into the legislation and tie your hands to it."

So that's another aspect of the problem.

Secretary Kissinger: But it is a curious thing that we can sell the tanks because a left-wing government that was moving towards Communism requested it. But it's certainly more advantageous for the United States

than the Allende government was—in any international forum that you can imagine.

Just think of the Mexico City meeting with an Allende government there.

Mr. Kubisch: It would be impossible.

Secretary Kissinger: I don't think we could have it. That we can not consider on its merits.

Now, I know that that's what Church is going to do. I would certainly not have generated the request from the Chileans. And, if it comes, we should try to find some way of meeting and go to the Congress and tell them.

Mr. Kubisch: We'll have to mount a fairly massive program on the Hill to line up supporters and sympathetic people and build on them.

Secretary Kissinger: Look, if Chile, after the impact of this request on its aid program, chooses not to pursue it, we shouldn't be heartbroken.

Mr. Kubisch: You know, the real—

Secretary Kissinger: But we should not engage in a massive lecturing to them of what is best for their country.

Mr. Kubisch: Absolutely. And they perceive a real threat, in the new government in Chile, to themselves. And this is worrisome too for Peru and Bolivia because we're now coming up on the 100th Anniversary of the War of the Pacific, when the Chileans marched all the way up to Lima, occupied the country, took away several major provinces rich in minerals in Southern Peru—took away Bolivian access to the sea—and retained those provinces well into the 20's and 30's and retained some of them until this day—until they were finally negotiated out. And there is a kind of revanchism in Peru and Bolivia to get this territory back from Chile. As a result, they're buying Mirage aircraft and buying Soviet aircraft, as they have the Chilean military responsible for their own security and feel they are responsible for themselves.

And we really can't do it for ourselves; we just can't.

Secretary Kissinger: Well, this we ought to make a request for to the Congressional Committee.

Mr. Kubisch: Twenty million dollars of economic aid. I have no doubt in my own mind they're going to opt for 60 million dollars of military arms.

Secretary Kissinger: So do I.

Mr. Kubisch: The tanks are one thing, but F-5 aircraft—which not only denies them 20 million dollars of an A.I.D. loan but maybe two or three hundred million dollars of support worldwide—that might be deferred, if not thrown to them—which they really need.

Secretary Kissinger: I think the international institutions ought not to be so affected by the 60 million, by the military purchases. I can see

that the 20 million dollars coming out of American appropriations could be affected, but why should World Bank and other credits be affected?

Mr. Kubisch: Well, the attitude among the Socialist governments in Europe and the governments in Europe that have strong Socialist and Communist parties has been, as you know, very much against this overthrow of Allende, and they have hosts in the international institutions and they have been lobbying to defer institutions in the World Bank and elsewhere, for the time being, until they see what happens in Chile—see what kind of a course the government will follow—so there will be some pressure from other governments, I think.

Secretary Kissinger: Let me talk to [Robert] McNamara about that.
[Omitted here is discussion unrelated to Chile.]

158. Telegram 846 From the Embassy in Chile to the Department of State¹

Santiago, February 22, 1974, 2214Z.

846. Subj: Chilean Request for Support in UN Human Rights Commission. Ref: USUN 564.

1. Summary: Department may wish to consider authorizing USUN to suggest to Chilean UN Del outlines of a Chilean govt posture on charges of human rights violations which might help to dampen effort to attack and isolate Chile in UN organs. Position would explain rationale for September 1973 coup, describe junta's human rights record in terms of state of emergency activities, offer to cooperate in an impartial study, and state intention to restore democratic practices. End summary.

2. Since it seems rather unlikely that anything done about Solzhenitsyn case (reftel) would succeed in heading off an anti-Chilean resolution in the UN human rights commission, may I make a suggestion which may warrant consideration in responding to USUN's request for Dept.

¹ Summary: Popper outlined ways in which the Chilean Government might articulate its response to accusations of human rights abuses in order to dampen international criticism of the regime.

Source: National Archives, RG 59, Central Foreign Policy File, P740146–0996. Confidential; Immediate; Exdis. Repeated immediate to Moscow, Mexico, and USUN. Telegram 564 from USUN, February 20, reported on a Chilean request for U.S. support in defeating an effort to establish a working group of the U.N. Human Rights Commission to visit Chile and investigate alleged human rights violations. (Ibid., Central Foreign Policy File, [no film number])

views. Suggestion is put forward with some diffidence. Last thing I would want to do is to appear to be masterminding strategy on tactics for Dept or USUN.

3. Chileans will understandably be inclined to bridle at HRC condemnation of their governmental practices, and particularly at being the object of a study by an HRC committee after they have already been condemned in a resolution. They will regard themselves as the target of a Marxist conspiracy in the UN. They will not see why they should cooperate as requested with the proposed committee in these circumstances, and as indicated reftel will hardly want to have it visit Chile.

4. At the same time, Chileans should realize that if they limit themselves to all-out resistance to such a resolution, they will probably lose. In losing, and in subsequently refusing to cooperate with the committee, they may well project themselves along the road which has led South Africa, Portugal and Israel to become the pariah states of the UN. Chile can ill afford to be in such a position at this juncture in its history.

5. There is a chance that Chile could blunt the attack against it by reacting in a different way.

6. First, by cogent statements in the HRC explaining the background of the present situation: how the Allende regime was destroying democracy in Chile as pointed out by Congress, the Supreme Court and the Controller General; how extremist elements were preparing to establish by violence a totalitarianism of the left; how the country had collapsed into economic chaos; how the military had thereupon intervened as a civic duty acclaimed by bulk of the country.

6. Second, by describing openly what measures have had to be taken and why, by defending Chile's record re asylum and refugees and its pledge to try all detainees not released after investigation, and by noting progress already made.

7. Third, by a clear indication that the junta has as its objective the restoration of traditional Chilean democratic practices, including those involving human rights guarantees, when that becomes possible. (This may be the most difficult statement for the Chilean rep to formulate in [garble] acceptable to Santiago.)

8. Fourth, by highlighting the disparity between the treatment being accorded to Chile and the blind eye turned to the systematic, permanent, and doctrinaire violations of individual rights practiced in the communist states. Finally, by agreeing to cooperate with a study committee if an impartial one is chosen, to the extent of furnishing information and possibly, if in Chile's judgment a useful contribution can thereby be made at some stage, through a visit by the committee to the country.

9. A basic element in this scenario would be the stress placed on the provisional nature of the measures taken by the junta. Copies of

the human rights covenants are not readily available here, but in my recollection they are pretty well loaded with escape clauses that would apply to the present state of emergency in Chile under its laws.

10. The immediate objective of such an approach would be to set the stage for toning down the draft resolution in USUN 564, notably Emb, by replacing the condemnation of Chile by an expression of concern regarding reports of human rights violations there. The longer-range objective would be to establish a defensible posture to which the Chileans could hew as the communists and their radical non-aligned friends seek to close in on Chile in one UN organ after another, to rob it of those associations and that respectability which it is going to want and need in the international community.

11. We could not today discuss or even suggest a course of this character in Santiago without serious political risk: the junta is extremely sensitive to anything it might construe as intervention. It may not even respond happily to soundings from USUN along above lines. But if as indicated reftel Chilean and Bazan has asked USG for help to defeat a resolution of type quoted therein—and if resolution is actually going to be introduced and passed in HRC—it would be perfectly legitimate for USUN to suggest something of the sort. Procedure is anything but sure-fire but I believe Chile would have enough friends in HRC and other UN organs to make a solid stand on this ground.

12. In any event, if resolution is pressed I hope US will find it possible to aid Chilean del in derailing or softening resolution. Most desirable outcome would be to negotiate a text Chileans could live with and we could support; but at very least I hope we can avoid aligning ourselves with Chile's critics.

Popper

159. Telegram 38951 From the Department of State to the Embassy in Chile¹

Washington, February 27, 1974, 1517Z.

38951. Subject: Secretary's Bilateral Discussion with Chilean Foreign Minister Huerta.

1. The Secretary had a 25 minute conversation with Chilean Foreign Minister Huerta at the palace of Tlatelolco on February 22 after lunch and before the conference reconvened. The Secretary was accompanied by Bloomfield, Ara and Low, NSC. The Foreign Minister was accompanied by Ambassadors Bernstein and Claro.

2. Huerta noted he had an economic and a political problem to review with the Secretary; problems which he had already taken up with Kubisch and the chargé in Santiago. He noted that the Paris Club negotiations were very important and requested our support. The Secretary assured him of that. Huerta then described the food and inflation problem in Chile. The GOC, he said had applied for \$190 million in food credits which the US had said after July 1. The Secretary noted it was a large amount.

3. The Secretary said we wanted the government to succeed and would implement this policy. He noted our difficult domestic situation but said we could live with it as long as the GOC didn't get nervous about it. He made reference to the meeting on Chile noting that we had tried to get the Swedish government to call off Ambassador Edelstam but it had refused, promising only he would not be inflammatory. Foreign Minister Huerta said he would understand as long as the decision centers weren't influenced.

4. Huerta noted his concern about Peruvian arms. He said the Chilean need was for peace and reconstruction but there were some in his country who might try to make trouble. He said that Cubans were maintaining the Soviet tanks and that Soviet influence in Peru was

¹ Summary: During a February 22 discussion at a Meeting of Foreign Ministers in Mexico City, Huerta and Kissinger discussed Chilean economic problems and Chile's request for military assistance. Kissinger assured the Foreign Minister of U.S. support.

Source: National Archives, Nixon Presidential Materials, NSC Files, Country Files, Box 777, Latin America, Chile, Vol. 8, 1 January 1973–31 March 1974. Confidential; Nodis. Drafted by Low on February 22; cleared by Bloomfield. According to telegram 40006 to Santiago, February 28, the penultimate sentence in paragraph 2 should read, "the GOC, he said, had applied for \$190 million in food credits which the U.S. had said it would consider after July 1." (Ibid.) In his appearance before a congressional symposium on February 28, Swedish Ambassador Edelstam made no criticism of U.S. policy towards Chile. (Telegram 40733 to Stockholm, February 28; *ibid.*, RG 59, Central Foreign Policy File, [no film number]) Telegram 661 from Santiago, February 10, reported on Kubisch's February 10 meeting with Huerta during the Assistant Secretary's visit to Chile. (Ibid.)

continuing. The Secretary said he was aware of the Chilean requests for arms and noted that we have approved the tanks, but, he said, this was tactically not the best time for the airplanes. It would be better delayed until later in the year. He offered to exercise US influence with Peru to see that there was not trouble. Again he promised to be as helpful as we could, reestablishing our traditional friendship with Chile.

Casey

160. Telegram 942 From the Embassy in Chile to the Department of State¹

Santiago, February 27, 1974, 1545Z.

942. Subject: Assistance to Christian Democratic Party (PDC).

1. Summary: After weighing factors pro and con, I recommend Dept agree to covert funding request [*less than 1 line not declassified*] for period July 1, 1973, to March 31, 1974. A necessary condition of transfer of funds would be clear acknowledgment that USG had no commitment whatever to further funding of any character, thus keeping our options as to future completely open. End summary.

2. Since my arrival at post, I have carefully considered what action USG should take re [*less than 1 line not declassified*] aid PDC and have reached conclusion noted in summary above.

3. Proposal as detailed to me here involves [*less than 1 line not declassified*] funds to PDC for following activities covering period July 1, 1973, to March 31, 1974:

[*table not declassified*]

¹ Summary: Popper recommended that the Department agree to support a proposal for covert assistance to the PDC.

Source: Department of State, INR/IL Historical Files, Box 16, Santiago, 1963–1979. Secret. Roger Channel. In telegram 332 from Santiago, January 22, the Embassy reported that Ministry of Interior Decree 1899, which clamped down on all political activity, seemed to be “particularly aimed at Christian Democratic Party.” (National Archives, RG 59, Central Foreign Policy File, [no film number]) On March 2, Flannery sent the March 1 CIA proposal to Gardner, and on March 4, Gardner sent a copy of the proposal and telegram 942 to Shlaudeman. (Department of State, INR/IL Historical Files, Box 16, Santiago, 1963–1979.) On March 19, Phillips sent a memorandum to Gardner which maintained that continued PDC subsidies would liquidate obligations for which the PDC thought the U.S. Government responsible and maintain an important source of information, while termination of the funding might cause bitterness towards the U.S. Government. (Ibid.)

Total expenditure would be [*dollar amount not declassified*] this compares with annual subsidies of [*dollar amount not declassified*] and [*dollar amount not declassified*] in preceding years FY 1972 and FY 1973.

4. Factors in favor of continuing financing through March 1974 may be stated as follows:

A. Approval would permit us to maintain the good will of the PDC, while withdrawing from the large-scale support programs carried on during the Allende years. The funds requested are only a fraction of the subsidies given the PDC in FY 1972 and 1973 and are smaller still when the current local purchasing power of these funds is considered.

B. We have a contingent obligation of a sort for at least the period July 1 to September 11, 1973, since the PDC at that time had every reason to expect continuing U.S. government support in the struggle against the Allende regime. In fact, as you recall, a funding request for the PDC of \$350,000 for FY 1974 was being processed when the military uprising occurred.

C. A complete cut-off of funds would likely be interpreted by the PDC as a signal that the U.S. government has abandoned the PDC after using it in the struggle against Allende. Granting the funding request, however, would keep our options open and, in the short run, assist in influencing the PDC in the direction of strengthening its policy of maintaining correct relations with the junta, support of constructive junta goals, and avoiding at all costs an open break with the government. The impossibility of providing further funding should an open break occur would be emphasized to the recipients.

D. The PDC is the only national, vertically-structured party in Chile that is non-Marxist and has broad popular appeal. Furthermore, it is the largest cohesive political grouping in Chile, having steadily obtained a third of the vote nationwide in recent years. In the event of reasonably free national elections in the foreseeable future, the PDC appears to be the odds-on-favorite, especially if all Marxist parties should be disfranchised.

E. Since we are approaching the end of the period covered by this request (March 1974), the granting of these funds should not lock us into any further funding commitments, which would be completely contingent on further events and our reading of them. I would insist that our completely uncommitted attitude towards any further funding in the future be spelled out to the PDC recipients and, as well, that they understand that we regard the situation post-coup as an entirely new and changed situation.

F. Funding would permit the PDC to carry out at least minimum programs in areas, especially those involving labor unions and among Campesinos organizations, that would otherwise be in danger of being

left to the exclusive, albeit clandestine ministrations of the communist party and other Marxist groups.

G. The PDC has had an excellent record on the security of its funding arrangements. Knowledge of their existence has been strictly compartmented and highly restricted among PDC leaders. The risk of compromise is, we believe, slight.

5. The following adverse factors must also be taken into account:

A. I am reluctant to become involved in covert funding activities or other covert operations unless these can be reasonably expected to produce important results from the national policy standpoint not attainable in any other way.

B. This payment will continue our PDC funding into the post-coup period, albeit on a reduced scale. Although part of this funding covers the July–Sept pre-coup period, it will require great and continuing effort on our part to convince the PDC that we consider the situation to have changed and that we are completely uncommitted to any future funding.

C. The development of the relationship between the PDC and the government will have to be watched closely, since differences between them on human rights, economic policy, and labor union matters are likely to continue and perhaps grow. The chance exists that the relationship may become openly antagonistic at some point in the future. In these circumstances we would not want to be linked to the PDC, even as to past actions, at any point in the post-coup period.

D. Continued funding maintains the PDC's dependence on us. It also raises questions about the PDC's viability as a genuinely national and self-sustaining institution. The other interests involved, however, in my judgment outweigh this consideration. It is clear that without our support the PDC will under the exceptional situation created by the military seizure of power be far less able to maintain financial solvency than it was before.

6. On balance, I recommend approval of the funding request submitted in the amount of [*dollar amount not declassified*]. Because the period involved has virtually terminated, the demise of La Prensa last week will not affect the amount of the funding request.

Popper

161. Memorandum 1030/74 Prepared in the Central Intelligence Agency¹

Washington, March 21, 1974.

SUBJECT

Aspects of the Situation in Chile

The Situation in Brief

After six months in power the Chilean armed forces and national police appear more determined than ever to permanently restructure their nation's political, economic, and social systems before allowing a return to civilian rule. Junta President Pinochet says this will take at least five years.

Pinochet's emergence as the military government's leader in fact as well as in name probably is the single most important development of the junta's first half-year. Some personal, interservice, and policy disputes have surfaced within the government but they have not been serious enough to threaten its stability. Similar sources of friction undoubtedly will arise in the future without straining the regime's cohesion.

Supporters of the late President Allende have been unable to take much effective action against the new government. The left has not been destroyed, however. Efforts to reorganize and unite, both within Chile and abroad, continue. The regime probably is correct in its belief that incidents of anti-government violence will increase after university classes resume later this month. Security measures recently have been eased somewhat, but the armed forces and carabineros remain alert against such attacks and are capable of taking effective counter-measures.

The military's firm belief that its cause is "just" has begotten a self-righteousness that leaves little room for political dissent and only a limited opportunity for civilian counsel. This attitude has largely precluded

¹ Summary: The Central Intelligence Agency provided an analysis of the situation in Chile six months after the coup.

Source: Central Intelligence Agency, Office of Support Services (DI), Job 79T00863A: Intel Pub Files, Box 32, Folder 3: Aspects of the Situation in Chile. Secret; [handling restriction not declassified]. The memorandum was prepared in response to a March 1 request by William Morrell in preparation for Treasury Secretary Shultz's April 1-4 visit to Santiago as the head of the U.S. delegation to an IDB meeting. (Ibid., National Intelligence Council Files, Job 80B01495R: Policy Files, Box 5, Folder 14: NIO, Latin America, 1974) In telegram 1188 from Santiago, March 11, the Embassy reported that the Chilean Government had issued its most detailed policy statements to date as a prelude to a ceremony marking the junta's six months in power. The statements pledged to enhance Chile's social and economic development while denouncing communist groups and the Radical and PDC parties. (National Archives, RG 59, Central Foreign Policy File, [no film number])

support for the regime from the political parties and risks alienating potentially supportive elements of the population. If unmodified, it eventually will create serious problems for the government and could cause the evaporation of the reservoir of popular goodwill toward the armed forces.

Economic policy is a key area of controversy within the regime. Some military men have taken issue with the government's team of civilian economic advisers, and there are real policy differences between the contending groups. The struggle over economic policy is an important front in the multifaceted maneuvering for influence and power.

The government has been the target of numerous charges related to alleged violations of human rights. Many of the accusations are merely politically inspired falsehoods or gross exaggerations—the junta has not been bloodthirsty. The government has given first priority to repressing perceived security threats, however, and respect for human rights has been a secondary consideration.

Stability of the Junta

An intention to rotate the presidency was implicit in statements made by the junta members in the period immediately following the coup. A one-year term reportedly was agreed on. Late last year, however, Pinochet apparently had to fend off a bid by Admiral Merino, the navy commander and a member of the junta, to advance the first rotation date to January 1. Pinochet soon thereafter made a series of statements on the presidency in which he appeared to be declaring that it would not rotate at all, and a recent report indicates that the junta now has a formal agreement to this effect.

In any case, Pinochet and the army clearly intend to retain their positions of dominance in the government. The army looks upon itself as the armed forces' premier service and army officers consider permanent army control of the junta presidency to be both natural and proper. The other services, including the carabineros, will continue to seek to increase their influence on government policy, but they are unlikely to challenge the army's claim to "first among equals" status or to force a showdown over the junta presidency.

Pinochet has had disagreements with a number of generals. One important general recently was eased into retirement following a series of personal and policy disputes with the junta president. Some senior officers [*less than 1 line not declassified*] look upon Pinochet as a late-comer to that effort and probably feel that others are more deserving of the presidency. Pinochet appears determined to prevent the emergence from within the military of potential rivals for power. His position now is firmly enough established for him to deal forcefully with disgruntled officers, and further changes in the high command and cabinet shifts

probably will take place. The fact that Pinochet left Chile to attend Brazilian President Geisel's inauguration is an indication of the growing strength of Pinochet's position.

Opposition groups still are attempting to rebuild their organizations, form an effective alliance, and take action against the junta, but the government's strict security measures have severely retarded this effort within Chile. Despite foreign assistance from Soviet, Cuban, and other sources, parallel efforts in Moscow, Havana, Paris, Rome, and elsewhere are being hampered by long-standing tactical and ideological differences among the various leftist groups. Nevertheless, the government is concerned over the fact that the left retains the wherewithal to harass through guerrilla or terrorist attacks. The opposition's ability to mobilize the masses and provoke strikes remains more questionable. Much will depend on whether Chilean workers can be convinced that the sacrifices they are making now really will pay off with a better life in the not too distant future.

It appears that Pinochet's tenure in office will last as long as he can avoid a serious falling-out among the services and retain the confidence of the bulk of the army. Concern over possible leftist opposition and Peruvian revanchism will help Pinochet keep personal, inter-service, and policy disputes within manageable proportions, and he seems likely to retain his position indefinitely. There is still a danger that the armed forces' determination to reconstruct Chile its own way will alienate potentially supportive segments of the population. The enforced "recess" of the non-Marxist political parties, for example, is seriously straining the government's relations with the Christian Democratic Party. The military has its own ideas about building a base of civilian support, however, and they do not include working closely with any organized political group.

Differences Over Economic Policy

The government's implementation of an economic recovery program prepared by a group of University of Chicago-trained technocrats has disturbed some military men. [4½ lines not declassified] The junta's policy Advisory Committee, which is run by Colonel Julio Canessa, has become the focal point of military dissent from the programs advocated by the junta's team of civilian economic advisers.

The Advisory Committee is wary of the civilians' orthodox macro-economic approach and has surmised that certain aspects of the recovery program are geared to benefit special interest groups rather than the nation as a whole. The committee fears that instead of stimulating output steeply higher prices could restrict demand to the point of inhibiting production. It advocates a short-term softening of the recovery program to avoid aggravating opposition to the junta among lower income

groups. The Advisory Committee's desire to give political and social factors more weight reflects the fact that segments of the Chilean armed forces and national police are attracted to a populist/statist approach to government and are not happy with the free enterprise orientation of the civilian advisory team.

The difference in outlook recently became apparent when the government discussed the return of the textile industry to private ownership. The Canessa committee's proposals for state-worker control with limited owner participation were rejected and the eventual outcome was a victory for the civilian advisers. The government felt it necessary to issue a statement detailing the terms for the return, however, to dispel any notion that private firms seized under Allende were being returned to their owners unconditionally. Conditions for such returns include a pledge by the owners to abide by a yet to be issued regulation on a labor-management relations.

The struggle between the civilian economic team and the military Advisory Committee has not been definitively resolved. Pinochet seems to be somewhat disenchanted with the results of the recovery program, [3½ lines not declassified]. The military's inclination to seek counsel within its own ranks is a plus for the Advisory Committee. The civilian economic advisers' influence will almost certainly be reduced if Pinochet follows through on reported plans to integrate them into Canessa's group.

On the other hand, the economic portion of the statement of goals issued by the junta after six months in power reinforces the government's policy of reliance on free market forces. Pinochet has expressed sympathy with the lower income groups bearing the brunt of the economic recovery program and promised that this generation of workers will "reap the fruits of their sacrifices", but he also has stressed that further privations lie ahead.

The ongoing debate over economic policy is part of maneuvering for power and influence in which personal, ideological, policy, and inter-service factors are sometimes indistinguishable. It may thus be difficult to discern who has won the contest, if and when the issue is decided. Over the next several months the economic program probably will continue to reflect the input of both groups, with the junta listening to the proposals they put forth on a given topic and making an ad hoc decision depending on the merits of the case. Time appears to be on the side of the Canessa committee, however, and eventual modification of the emphasis on free enterprise is likely.

Alleged Violations of Human Rights

Many of the accusations regarding the military government's lack of respect for human rights are traceable to a world-wide Communist-

orchestrated campaign to discredit the junta. Some of these claims are simply false, others are exaggerations or distortions of reality. On the other hand, junta President Pinochet's blanket assertion that "human rights have not been violated in Chile" overstates the junta's case.

The armed forces and police expected leftist paramilitary brigades to offer significant resistance to the coup, but widespread opposition failed to materialize. As a result, more force than turned out to be absolutely necessary was used to carry out and secure the coup and civilian casualties probably totaled about 2,000. In the hectic weeks immediately following the takeover some commanders in the provinces appeared to be acting independently of central authority and more than a hundred prisoners were shot and killed while "trying to escape". In addition, about 170 persons have been executed since the coup. At present there are over 5,000 political prisoners, including about 40 well-known detainees on Dawson Island in the remote Straits of Magellan.

The regime has regularized its security procedures and now claims that arrests, detentions, trials, and executions are being properly carried out under constitutional and statutory provisions for a state of siege. A National Executive Secretariat for Detainees was established in January and was charged, among other things, with protecting the rights of prisoners and their families. Security forces have been ordered to conform to the standards of the Geneva Conventions in their treatment of persons arrested on political or national security grounds. Representatives of international organizations concerned with human rights have been allowed to visit Dawson Island and other detention centers. Thus, in contrast to the confusion and emotion of the first weeks after the coup the government now is committed to an official policy of stern, but correct, treatment of detainees.

Whether this policy is being strictly followed in the field is less certain. There does appear to be some abuse by units engaged in active military or intelligence operations. [4½ lines not declassified]. Many officers do not regard techniques of physical coercion or mental pressure to be "torture" so long as they cause no permanent damage and are not apparent to the casual observer. Thus, it seems likely that the type of strong-arm methods employed by many of the world's police and security forces will continue to be practiced in Chile.

The junta has a generally good record on the granting of safe-conduct passes to those seeking political asylum. Thousands of Chileans and foreigners who took refuge in various embassies in Santiago have been allowed to leave the country. The number of "deferred" requests for safe conduct has been shrinking steadily and now is less than two hundred. Many of those remaining in the embassies are officials of the Allende regime or leftist notables against whom the government is preparing formal charges and extradition requests.

Court martials of military officers suspected of collaboration with the left have begun and some civilians also are being tried. Trials for high-ranking Allende regime officials and the other most prominent leftist prisoners do not appear to be imminent, however. The government says that it is still investigating the cases of these leftist luminaries in order to determine what, if any, charges will be brought them. There is no evidence of a sense of urgency in this matter. Important jurisdictional and procedural issues remain unresolved. A key question is which tribunals, civilian or military, will have jurisdiction over crimes committed prior to the coup.

162. Action Memorandum From the Director of the Policy Planning Staff (Lord) to Secretary of State Kissinger¹

Washington, March 22, 1974.

Sale of Military Equipment to Chile

The Chileans are pressing us for a wide variety of weaponry to redress their military imbalance with Peru. Some of these weapons were initially offered for sale to the Allende government. Nonetheless, adverse public and Congressional reaction to expensive military sales is certain to be heightened by the current human rights situation in Chile. This reaction could jeopardize our capacity to help Chile in other areas, and might also threaten broader interests, such as the FY 75 security assistance legislation about to be presented to Congress, and our ability to deliver on the Mexico City pledge to maintain present aid levels.

¹ Summary: Lord outlined policy options for Kissinger regarding the sale of U.S. military equipment to Chile.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 777, Country Files, Latin America, Chile, Vol. 8, 1 January 1973–31 March 1974. Secret. Drafted by Einaudi and Simons, and cleared by Bowdler and Stern. Attached but not published is Tab A, a March 14 memorandum from Bowdler and Weiss, through Donaldson, to the Secretary, which outlined options on arms sales to Chile. On April 25, Kissinger approved the first two recommendations and disapproved the third. Next to the first recommendation, he wrote, "But please check with Brent [Scowcroft] and make sure DOD is aboard." A notation below Kissinger's note reads, "Taken care of." Low summarized the memorandum for Scowcroft on April 3. (Ibid.) Kissinger's speech to the OAS General Assembly is printed in the Department of State *Bulletin*, May 13, 1974, pp. 509–515.

The basic issues, therefore, are:

—Can we meet our previous commitments for military sales and our assurances of support for the junta without running a serious risk of jeopardizing our relations with Congress and our broader interests?

—If we do sell, how much should we sell and when?

—Are any counterbalancing moves available to draw the political poison from arms sales to Chile?

Background

1. The Equipment Picture

Although our grant material program with Chile was terminated in 1968, the U.S. maintained a small FMS credit sales program during the Allende regime. On the day of the coup, September 11, 1973, sales of all lethal items to Chile were placed under review. Prior to the coup, we had officially notified the Allende government of our willingness to sell the M-60 medium tank and authorized release to Chile of price and availability data on the F-5E aircraft to preempt purchase of MIG-21's from the USSR.

In August 1973 the GOC formally requested 15 M-60 tanks (cost: \$7.5 million). Since the coup the GOC has advised the U.S. of its intention to request 18 F-5E's on a cash basis (cost: \$60 million). *Delivery of these tanks and aircraft will lessen, but not close, Chile's gap with Peru.*

In addition, Chile has expressed interest in acquiring three major weapons packages (A-7D aircraft, extensive air defense including missiles and cannon, and the TOW anti-tank/assault weapon), a number of lesser items (air traffic control radar, vehicle mounted recoilless rifles, armored personnel and mortar carriers, anti-aircraft cannon and fire control radar, and riot control equipment), as well as a small package of non-lethal equipment. Neither the A-7D nor the TOW has previously been sold in Latin America.

The junta is convinced that Chile faces a major threat from Peru, which now enjoys significant superiority in both tanks and fighter aircraft. *If we deny what the junta considers its minimal needs, Chile will make every effort to meet them elsewhere, and its disillusionment and frustration could have unpredictable long-term consequences.*

2. The Economic Picture

Chile is seeking to reschedule its massive external debt obligations in order to help resolve the economic chaos inherited from the Allende period. On economic grounds alone, the expenditure of large sums on arms acquisitions at a time when Chile is pleading for concessional economic assistance and generous debt rescheduling is certain to increase criticism of Chile in the US Congress and elsewhere.

3. The Congressional Picture

Military sales to Chile are unpopular with important members of Congress on three counts: (1) there is extensive distaste for the *human rights* record of the GOC; (2) opponents of US economic assistance criticize *uneconomic use of limited resources* by poverty-stricken regimes; and (3) there is concern lest military sales encourage *arms races*.

Congress has written all three counts into the legislative record. Of the many provisions in the Foreign Assistance and Foreign Military Sales Acts registering these concerns, only Section #4 of the FMS Act (the Conte-Long Amendment), which requires Presidential national security findings for sales of sophisticated equipment to Latin American countries, or interdepartmental findings that specific items are not "sophisticated", is mandatory. However, taken together these provisions unambiguously state the trend of Congressional thinking on three issues unavoidably relevant to major arms sales to Chile at this time.

These Congressional concerns cannot be dismissed as those of a marginal group, for their most intense advocates are members whose support will be needed if we are to deliver on your pledge at Mexico City to "maintain, as a minimum, present aid levels."

Bureau and Agency Views

With multiple caveats, predominant views support authorizing sale now of the F-5E, M-60 medium tanks, an anti-tank weapons system (not the TOW), armored vehicles, radar, mines, and certain other minor items, privately informing the GOC of the decision, and considering additional requests on a case-by-case basis.

This posture would arouse sharp Congressional criticism, would not satisfy all the GOC's perceived needs, and could still result in acquisitions of other items from third countries. However, it would satisfy the GOC's most urgent needs, would specifically address GOC concerns over Peruvian acquisition of Soviet tanks, and would permit the USG to honor prior commitments to Chile. It would also require no new findings or determinations under the Conte-Long Amendment.

In general, this posture is supported by ARA, PM, EB, and L in State and by DOD, CIA, and ACDA. No one *strongly* supports either holding all requests for FMS credit for major sales under review, or resuming normal FMS credit sales now.

Nonetheless, there are important dissenting views and refinements:

—AID finds it difficult to support any option in view of their Congressional concerns. (Treasury has not commented.)

—ACDA believes that after selling F-5E's and M-60's we should make a discreet approach to the GOC suggesting that it might wish to consult with Peru on the possibilities for exercising mutual restraint

in arms acquisition. It argues that if we are reasonably forthcoming in meeting Chilean security needs, the GOC might be willing to approach the GOP along these lines.

—L would have preferred to keep all sales under review given human rights and economic considerations, but accepted the limited-sales option because of Peruvian purchases of Soviet tanks. PM reluctantly assented to the tank sale for the same reason.

—EB, while endorsing limited sales because it sees “no viable alternative,” believes the Chilean authorities should be warned explicitly that significant military purchases by Chile will make it most difficult or even impossible for us to convince the Congress to authorize meaningful amounts of development assistance.

—H endorses an alternative option of first making strong representations to the GOC to defer purchases of major military items by stressing the compelling economic rationale against such purchases; coupling this with efforts to reduce tension between Chile and Peru; and falling back to limited sales to Chile only if this fails. It believes that timing is an important element: any delays would give the GOC more time to improve the human rights situation and thus reduce Congressional criticism.

S/P Views

S/P was not involved in preliminary work on this issue, (memorandum at Tab A) but after careful study of an admittedly complicated issue, it is our view that:

1. *Sales of the F-5E aircraft (on a cash basis) and M-60 tanks (using FMS credit financing) would meet our previous commitments.* Were we also to sell mines and an anti-tank system, these sales, whose total cost would approximate \$70 million, with only about \$10 million in credits, *would meet Chile's minimal perceived urgent defensive needs.*

2. *Resumption of additional sales may also prove desirable, but we should first get a better grasp on the overall West Coast security picture and on possible counter-balancing steps.* The GOC is dependent on U.S. political support in many areas, and while the degree of dependence should not be exaggerated, it may permit us to defer resumption of further sales until mid-year, long enough to clarify the Chile-Peru situation, the possibility of countervailing steps, and the Chilean economic and human rights situation in Congress.

3. *In any event, we need a better feel for the Chile-Peru situation.* The junta feels Chile's national security is in danger; Peruvian acquisition of Soviet tanks provides the immediate rationale for Chilean pressure to purchase; local arms races are a serious Congressional concern; ACDA recommends we push the Chileans to explore restraint with Peru after agreeing to resume sale to Chile. But we do not have a clear picture of what these tensions are, whether they are reducible by local or U.S.

initiative, or, if so, whether such initiative would most effectively take place before or after resumed U.S. sales to Chile. A National Intelligence Study of arms acquisitions and the security situation on the West Coast of South America has begun but is unlikely to be completed before mid-May.

4. *We could also usefully examine whether we can sensibly take other steps to preempt or counterbalance the certain adverse effects on other U.S. interests in Chile, the hemisphere and beyond (e.g. the security assistance program worldwide). The feasibility and desirability of such counterbalancing steps has not yet been examined at all.*

Recommendations:

ARA, PM, and S/P recommend, in light of these considerations:

1. That you authorize immediate private notification to the Chileans that we are willing to sell now the F–5E's and the M–60's previously committed. We are also prepared to sell mines and the LAW anti-tank system, and will continue to examine their other arms requests on a case-by-case basis.

2. That, in informing the GOC of this decision, we explain the possible consequences of public and Congressional reaction, emphasizing that we are doing so only in an effort to share our concerns with the GOC, not lecturing them about what they consider to be their own needs.

3. That, *before authorizing any additional sales*, you direct an interagency task force chaired by State/ARA and consisting in addition of PM, S/P, INR, L, and H, in State, and of ACDA, DOD, AID, and CIA, to undertake a study of the possibilities and modalities for reducing tensions between Chile and Peru, including the role of possible arms control initiatives; taking into account the progress of the West Coast National Intelligence Study now underway. The task force should also explore possible steps the U.S. might take in the human rights field to preempt or minimize the adverse effects of resumed arms sales to Chile. The study should be submitted by April 12, 1974, in time for your consideration before your speech at the OAS General Assembly in Atlanta. (In view of the time pressure, we are moving ahead informally on this study now.)

163. Telegram 64524 From the Department of State to the Embassy in Chile¹

Washington, March 30, 1974, 1910Z.

64524. Subj: Human Rights in Chile: Trials. Refs: A. USUN 828; B. Santiago 1131; C. State 190162; D. Santiago 4674.

1. In view of helpful GOC statement re fair trials (Ref A) and imminent initiation of what promises to be series of major trials, Dept believes it timely for embassy to make new *démarche* on corrosive human rights issue. Our objectives in this effort are to assure: (1) that the GOC is aware that the trial atmosphere and outgrowth will affect the USG's ability in the face of U.S. public, especially congressional opinion, to continue to develop the close and mutually beneficial relationship that we desire to have with the GOC; and (2) that the GOC understands the longstanding U.S. position on human rights questions, including the importance of fair and open trials and of avoiding arbitrary detentions.

2. Ambassador should seek earliest opportunity (preferably before major trials have actually begun) to discuss trials at appropriately high level, drawing on the following:

(A) The form of Chile's government and the shape of its social and economic policies, of course, are Chilean matters.

(B) As the GOC knows, however, there exists an impression in the minds of many Americans, including members of the U.S. Congress, that the GOC is not doing all that it could to promote human rights. This concern has been reflected in part in Sections 32 and 35 of the most recent foreign assistance act which deal, respectively, with the questions of political prisoners and broader issues of human rights. The reported impending trials of a large number of high-level Chilean officials have generated considerable adverse publicity diverting political attention

¹ Summary: As the Chilean Government prepared to put a number of political prisoners on trial, the Department instructed the Embassy to make a *démarche* to Chilean officials on the human rights issue.

Source: National Archives, Nixon Presidential Materials, NSC Files, Country Files, Box 777, Latin America, Chile, Vol. 8, 1 January 1973–31 March 1974. Confidential; Priority; Exdis. Drafted by Runyon, Gantz, and Isaacs; cleared by Shlaudeman, Karkashian, and Kubisch; approved by Maw. In telegram 1323 from Santiago, March 18, the Embassy reported that the Chilean Government had extended a "state of siege" for an additional six months and that trials of MIR and Socialist Party members were under way or planned for the coming weeks. (Ibid., RG 59, Central Foreign Policy File, [no film number]) Telegram 828 from USUN, March 11, reported on the Chilean Government's response to criticism of its human rights record; in a letter, Huerta asserted that the Soviet Union was responsible for attacks on Chile and that his Government upheld human rights. (Ibid., D740071–0322) Telegram 190162 is Document 140. Telegram 4674 is discussed in the source note to Document 140.

from the numerous positive accomplishments of recent months. U.S. public and congressional interest in events in Chile in the next few weeks and months, especially the trials, will affect the climate in which our foreign aid and military assistance legislation will be considered in congressional hearings to commence shortly. The GOC may have objections to the relating of human rights concerns to the granting of bilateral assistance, but it is a fact which both the GOC and the USG must take into account in our efforts to develop a mutually beneficial association in the spirit of frankness which has characterized our relations up to now.

(C) USG wishes to help the GOC in its efforts to build a strong, economically viable nation which has, *inter alia*, the full confidence of the international community. This confidence depends not only on Chile's economic and political relations with the outside world, but also on its continued efforts to observe internationally accepted standards on human rights.

(D) We applaud, in this context, the GOC position (per Ref A) that detainees will be released "except for those who are prosecuted for common crimes punishable under laws ante-dating the acts with which they are charged and whose detention or liberty can be decided only by the ordinary courts of justice." We are hopeful that this means that detainees found subject to prosecution will be dealt with employing (1) proper charges, (2) adequate defense counsel and time and facilities for defense, (3) open trial before a proper court of the independent civil judiciary, and (4) proper appeals procedures. While we recognize that Chilean legislation governing state of siege may dictate some modification of these principles, we hope that the procedures used will hew closely to these generally accepted standards of due process.

(E) The GOC's commendable desire to commence trials promptly will, we hope, belie further charges that the GOC has unreasonably delayed the charging and trying of persons in custody. Fair and open trials, reasonable sentencing in those cases where persons tried are found guilty, or prompt release where acquitted or not prosecuted will not only be consistent with Chile's traditions, but will provide Chile's friends with a firmer basis for helping to create a more constructive climate of opinion towards Chile. The GOC's splendid collaboration with the UNHCR, ICRC and other international organizations is evidence to us of its sensitivity to this issue and of its constructive intent.

3. Dept appreciates embassy's excellent reporting on human rights matters. We would appreciate continuing to receive all information embassy can furnish concerning who is to be tried, when, where, and with what guarantees or lack thereof. (See Articles 10 and 11, Universal Declaration, Article LR, Covenant on Civil and Political Rights.)

4. FYI: Dept notes (A) that Pinochet statement Ref B "we have normal legal trials and the courts function in a totally independent manner"

undercuts GOC position that Article 4 of covenant's public emergency exception licenses deprivation of right to trial or trial other than in accordance with normal legal process, i.e., at a minimum, guarantees of Article 14 of covenant; (B) Article 4 of covenant does not limit rights protected by certain other articles. Notably in present case by 6(1), (2), (4), and (5), 7, 15, 16, and 18; and (C) basic requirement of Article 14 covenant respecting public access is that there be "fair and public hearing", etc. Any closing must be for specified reasons and only of that part of trial where such specified reasons clearly require, subject further, however, to the court's (not legislative, not executive) discretion to avoid prejudice through publicity to the interests of justice. We wish to avoid an examination of GOC's precise commitments under its international undertakings and degree to which GOC may or may not be complying, but embassy may draw if useful. End FYI.

Kissinger

164. Telegram 1687 From the Embassy in Chile to the Embassy in Panama and the Department of State¹

Santiago, April 3, 1974, 1800Z.

1687. Subject: Shultz-Pinochet Meeting. Panama for Secretary Shultz and Hennessy.

1. Following report of conversation evening April 2 between Secretary Shultz and junta President General Pinochet is uncleared by Secretary, who departed Santiago early April 3. Assistant Secretary Hennessy and Ambassador Popper also present. Pinochet accompanied only by foreign office interpreter.

2. Summary. In cordial 40-minute meeting late April 2 Secretary Shultz and junta President Pinochet covered range of economic questions and touched on human rights issue. Pinochet stressed Chile's

¹ Summary: In Santiago for a meeting of the IDB Board of Governors, Shultz discussed economic and human rights issues with Pinochet.

Source: National Archives, RG 59, Central Foreign Policy File, D740074-0992. Confidential; Immediate; Exdis. Sent to Panama for Shultz and Hennessy. In telegram 1726 from Santiago, April 4, the Embassy concluded that Shultz seemed to convince Pinochet of the harmful potential of criticism Chilean human rights abuses. (Ibid., D740076-0934) In telegram 1731 from Santiago, April 4, Popper reported that he had spoken to Huerta about human rights along similar lines, drawing upon the instructions he had received in telegram 64524 to Santiago, published as Document 163. (Ibid., D74077-0016)

need for foreign investment and its desire to encourage them, under new legal arrangements. Secretary Shultz noted importance of private as well as public investment for Chile, and expressed hope remaining copper compensation negotiations would be promptly concluded. Pinochet hoped this could be done by end of year.

3. On human rights, Secretary welcomed constructive remarks in Pinochet's IDB (Inter-American Development Bank) speech (septel) and described concern felt by visiting US Congressional delegates over reports of detention of persons without due legal process. President explained reasons for delayed trials. Said trials under provisions of Chilean law would begin in Paris. Emphasized importance for entire hemisphere of the setback communism had suffered in Chile. End summary.

4. After amenities, Secretary Shultz said that President Nixon had asked him to extend to President Pinochet his greetings and his best wishes. President Nixon hoped that, out of the chaotic economic situation the present government of Chile had inherited, order, discipline and progress would emerge. Pinochet expressed his appreciation and referred warmly to presidential letter which Mrs. Nixon had given to him in Brasilia.

5. Continuing, President Pinochet expressed particular appreciation for the assistance US had rendered Chile at Paris Club negotiations, and for various other types of "indirect support" (nature not specified) which US government had rendered to Chile. Pinochet said his government considered the IDB meeting extremely important, since it was a developing nation which need assistance. He said Chile now had a government which respected human rights, but which was also authoritarian. After the events of September 1973, there was no other way in which leftist infiltration could be prevented, but the authority of his government would always be exercised within the framework of respect for the individual as a human being.

6. The President said his government was now studying ways in which to encourage and receive foreign investment. Chile urgently needed foreign resources to bring it to the point of economic take-off. The regime had inherited many industries which had been put under state control. Most of them were in bad shape and needed "an injection" to put them into condition for productive and profitable work.

7. Secretary Shultz said he recognized that the receipt of both private and public capital, the latter largely from the IDB, was of strategic importance to Chile. He considered the steps Chile had taken with respect to appropriate compensation for past expropriations to be very significant as far as the US was concerned. Noting that an agreement had been worked out with the Cerro Corporation, he hoped negotiations would proceed promptly for a settlement of the Anaconda and Kennecott cases, as this would be an essential consideration in the resumption of the flow of US private capital to Chile.

8. President Pinochet said this was exactly right. His government had said in the first days of its incumbency that it intended to resolve the copper problem. "Ours is not a thieving government," he said. The previous government had used what it called expropriation as a means of stealing the clothes from people's backs. The government was now trying to normalize its relations in many ways; it was dealing with the companies concerned; he hoped that by the end of the year all of the outstanding problems in this regard would be solved.

9. As regards foreign investment, the president stated, Chile was attempting to work out a single legal statute or code (Cuerpo) which would include regulations with respect to private investment, social organization problems, and taxation. This was in part responsible for the delay in proceeding with settlements. The junta had been in power only a little more than six months; it was worth remembering that before President Geisel even took over in Brazil, he had had six months of preparation and study. The junta was adapting itself to emerging problems as it went along. It was completing a study of the political, economic and social situation of the country and attempting to chart its course systematically, so that it would not uselessly dissipate its energies. One should remember that the junta had had no experience in the art of government.

10. Secretary Shultz indicated that the president was being unduly modest. He was glad the president understood that an essential aspect of Chilean economic recovery was the establishment of conditions under which private capital would agree to come in.

11. In this regard, the secretary went on, the entire world economy was in a sense in turmoil, and this created many difficulties for all government. It was often hard to determine just what governments of underdeveloped countries wanted. Citing a purely domestic example, Secretary Shultz noted that in the United States last summer, people wanted lower prices, especially for food, and there had been great emphasis on the price of chickens. Somehow, over the objections of professional economists, price ceilings had been put on broilers. What happened was that farmers who could not make a profit producing them started to drown their little chicks. This was a predictable result, and the kind of thing that was happening all over the world today. The Secretary appreciated the problems confronting developing countries. But it had to be remembered that economic forces were relentless, and that economic problems had to be worked out with due regard for them, and not by working against them. This had been the American experience.

12. President Pinochet said that he understood the point. On his side he wanted to stress that the present Chilean government must be successful. If Chile went down, the repercussions would be immediate, not only in Chile but also in all of Latin America, Central America and

Mexico, and even further north. The communists understood what the Chilean experience meant to them, and they realized that this experience had had a destructive effect on their doctrine. Thus they were seeking by every means to bring down the junta. They had been able to provoke tension between Chile and Peru. They were trying to enlarge their foothold in Peru and extend it from that point to the rest of America. The Chileans were the ones who were stopping communism today. He believed they would be successful.

13. Secretary Shultz said that he knew this to be the case, and he hoped they would be successful. He understood how difficult this struggle was. One problem involved was the matter of the preservation of human rights, which President Pinochet had mentioned in the address to the IDB April 1.

14. Secretary Shultz noted that eight congressmen had come to Santiago with him as members of the delegation to the bank meeting. They had done their best to ask as many questions as possible, to explore every interesting line of inquiry, and even to ask questions at random of people in the street.

15. Their findings might interest the President. The Secretary had met with them at noon April 2 and had found that they came away with a basically favorable impression of what they had seen in Chile. They found an open community, not one with the feeling of being overwhelmed or oppressed in any strenuous way. On the other hand they had expressed concern regarding the question whether justice was being applied on an even handed basis. They had an interest in being assured that persons were held and tried in a proper judicial and legal way. Accordingly, they had welcomed the comments on human rights in President Pinochet's speech to the bank and assumed that over time his announced respect for human rights would be fully implemented in the country.

16. Exactly, replied the President. Perhaps Chile had been somewhat slow in pronouncing judgement. If so this was for two reasons. First, the government kept finding more and more incriminatory material. Only the previous day the newspapers had published a letter indicating that Orlando Letelier (when Chilean Ambassador to the US) had been involved in selling machine guns clandestinely to President Allende. Second, if trials had started early on, they would inevitably have been biased because of the highly emotional mood of the country with respect to members of the previous government.

17. Therefore, in this month of April, Chile would begin trials in accordance with its laws, and those accused would have all the rights accorded by the legal code of the country. Unfortunately, the law did not cover in precise terms all of the presumed offenses, such as preparations which had been under way for massive killings, or the kind of

stealing and extortion in which some of the accused were involved. Nevertheless, the accused would be judged under the law. Even if a man who in equity would deserve a life sentence should receive only a year's imprisonment, this would still be a useful outcome for the future. Chile was acting serenely and calmly.

18. The President reiterated that he respected human rights. Logically, he said, at the beginning, because of the hatreds on both sides some things had escaped control. This had long since ceased. As the Secretary could see, the allegations made by Socialist Party leader Carlos Altamirano of constant political killings in Chile, with bodies floating in the Mapocho River (which cuts through Santiago) and lying in the streets, were utterly false. If the situation depicted by opposition Chilean leaders abroad still existed, there would be no Chilean children on the streets or women driving cars on the streets.

19. Secretary Shultz remarked that he had heard that the women of Chile had led the opposition to Allende, and that they were a major force to contend with when aroused. It was said that in the US men had the last word, which he personally found quite acceptable.

20. The President, matching the Secretary's jocularly, said that there was a proverb among Chileans, that "women always have the superior rank." In his speeches he constantly referred to the role of the women in recent political developments. Chilean mothers realized that unless they acted, their children would lose their liberty. They were educating a new generation of Chileans. This was why he would strive to ensure that communism would not come to Chile.

21. Ambassador's comments in septel.

165. Telegram 2046 From the Embassy in Chile to the Department of State¹

Santiago, April 18, 1974, 1638Z.

2046. Subject: General Rosson's Visit and Arms from US.

1. Summary: Ambassador was present at meeting late April 16 between General Pinochet, head of GOC junta, and General William B. Rosson, USCINCSO. Pinochet pressed hard for decision on US arms for Chile, and initiated discussion which gave General and Ambassador opportunity to explain problem raised by human rights issue. End summary

2. After amenities, General Pinochet turned immediately to arms question. Said that Chile had performed great service in displacing Allende's Marxist government. It was unique in the world in that Chile had accomplished this action with no outside assistance. Chile has ousted the communists and would continue to oppose them. But as regards armaments "US had not taken Chile's outstretched hand." In particular the US had not responded with regard to M-60 tanks which Pinochet himself had requested of General Underwood in 1972 and which are needed now to counter a possible attack from Peru—a country which was being aided in its preparations by the Soviet Union in order to reimpose Marxism in South America.

3. General Rosson explained that Chilean request for arms purchases was still under study in Washington and unfortunately he did not have any further information not already in the hands of GOC. General Rosson then went on to explain that the US Embassy, US military group and USSouthCom had supported Chilean requests for assistance.

4. At this point General Rosson pointed out that one of the problems affecting a decision from Washington on the Chilean arms request is the issue of human rights. General Pinochet replied that opposition to arms shipment in Washington based on human rights considerations is unjust. Pinochet said that Chile was and would continue to be a democratic

¹ Summary: During a meeting with Pinochet, General William B. Rosson of the U.S. Southern Command noted that concerns about the junta's human rights record affected the ability of the U.S. Government to provide it with military assistance.

Source: National Archives, RG 59, Central Foreign Policy File, D740090–1029. Secret; Exdis. On April 25, the Department informed the Embassy that it had approved the sale to Chile of 18 F-5E aircraft, 15 M-60 tanks, anti-personnel and anti-tank mines, and the light anti-tank weapon (LAW) system; and that it would continue to examine their other arms requests on a case-by-case basis. (Telegram 84285 to Santiago, April 25; *ibid.*, D740098–0052) In telegram 86774 to Santiago, April 27, the Department reported that Kubisch had told Ambassador Heitmann that the arms sales had been authorized in order to deter aggression in the region. (*Ibid.*, D740101–0067)

country but it resented being criticized unjustly. For example, it was frequently said that individuals had “disappeared” when the fact was that these people frequently had aliases and were detained by the government under names different from those known to inquirers, thus making identification extremely difficult. He further commented that Chile could hardly be said to have had a revolution since it had cast out Marxism with the death of 1500 persons; an act which could be more accurately described as a “movement” rather than a revolution. Subsequently, the Chilean government had had to take steps to preserve internal security. The communists who were protesting about this all over the world had no regard whatever for human rights or for human beings as individuals.

5. Ambassador agreed that, in a sense, a double standard does exist, with Chile being held to a much higher level of performance than communist states. This was in part because the world had come to think of Chile as an outstanding democratic nation. Whatever the inequities, the Ambassador and General Rosson explained, the fact was that there was concern by many in the US with regard to the human rights issue.

6. Comment: Discussion was probably most direct high-level Chilean complaint so far re USG delay in responding to Chilean arms requests (State 75132). We expect we will have more of same, and will be communicating our views as to implications to Department in septels.

7. Pinochet comments also give insight into one of our major difficulties in dealing with human rights issue here. GOC military leaders are imbued with self-righteousness at their success in having freed Chile of Marxist regime. They attach overriding importance to fact that their subsequent efforts to prevent subversion are proceeding in strict accordance with Chilean law. And they are indignant at international Marxist campaign against them, involving patent untruths and distortions. As result, they are largely insensitive to grounds for non-ideologically-motivated foreign concern at state of observance of human rights in Chile.

8. They are also plainly unable to realize that an important part of negative international reaction to Chilean events derives from foreign perception of Chile quite different from their own. As an example, when Pinochet deprecates the loss of 1500 lives, he is thinking of those saved by timely military action in contrast to Allende's repeated predictions of a civil war costing a million lives. It is very doubtful that he realizes his remarks would not go down well if disseminated publicly, because foreign public is so largely ignorant of civil war atmosphere which is still pervasive in Chile.

Popper

166. Telegram 99532 From the Department of State to the Embassy in Chile¹

Washington, May 14, 1974, 0424Z.

99532. Subj: Human Rights—Allegations of Torture. Refs: A. Geneva 2215; B. Santiago 2375; C. Santiago 2483.

1. Former Congressman Charles Porter met with several Department officials Monday, May 6, to discuss his recent visit to Santiago as a member of the fair trial committee for Chilean political prisoners (mem-con pouched). While Porter acknowledged that he and others had been pleasantly surprised at the elements of due process in the FACH trials, he alleged that discussions with defense lawyers indicated that torture of prisoners, primarily by electric shock methods, to obtain confessions continues to be the standard operating procedure. Unlike Porter's account tends to coincide with other reports we have received (e.g., para 3, ref A), although we have no way of knowing if the reported abuses continue or if they are as widespread as Porter maintains. We are concerned that junta's efforts to eliminate use of torture, which we believe sincere, have not been as successful as they and we would have hoped.

2. GOC is, of course, highly sensitive on torture issue (ref B) but ambassador may find it appropriate and useful to raise subject privately, perhaps in context of our gratification over recent decision to commute death sentences. Following points can be drawn upon in discussing the torture issue.¹

3. USG believes GOC shares our view that torture of detainees is not only repugnant to UN charter and Geneva Conventions for the protection of war victims, but that its use is political liability for GOC. Whatever its validity, testimony of Porter before joint meeting of Fraser and Fascell subcommittees of U.S. congress underlines both importance with which U.S. public views this issue and the political costs to Chile of failing to curtail effectively such practices, especially as it affects USG's ability to be helpful.

¹ Summary: Commenting on allegations that Chilean political prisoners had been tortured, the Department discussed the political costs that Chile would incur if it did not adhere to its professed prohibition of torture of detainees, and suggested ways the junta could address accusations of such abuses.

Source: National Archives, RG 59, Central Foreign Policy File, D740117–0986. Confidential. Drafted by Gantz; cleared by Runyon, Karkashian, and Isaacs; approved by Shlaudeman. When Chilean defense lawyers raised the issue of torture being used to obtain confessions, the prosecutor denied the allegation and stated that the proper manner for defense lawyers to proceed was to file direct personal charges against the agent who had supposedly committed the abuse. (Telegram 2375 from Santiago, May 3; *ibid.*, D740117–0931)

4. We are aware that junta has already given instructions prohibiting use of torture; information provided by diverse sources, even if unclear on frequency of such abuses, indicates that problem may still exist. We would hope, therefore, that junta could find means of assuring that its orders to cease this activity are being implemented.

5. Without presuming to advise GOC about conduct of its internal affairs, it occurs to us that abuses of this nature at the operational level might be easier to control and international opinion might be reassured if greater efforts were made to assure that: (A) family of detainees and clergy are granted access within reasonable period of time after arrest, usually not more than 24 hours; (B) ICRC, and in principle, other humanitarian bodies, are granted free access; and (C) detention is resolved promptly by release or trial. Publication of comprehensive lists of current detainees might also be helpful.

6. We have noted reports that various trials are taking place in parts of the country outside Santiago. USG welcomes this move insofar as it means early reduction of number of people detained without charge. However, they could dilute or discredit advances made by opening FACH trials unless, like those taking place in capital, trials will be public, adequate arrangements are made for defense counsel and presentation of a defense.

Rush

167. Transcript of the Acting Secretary of State's Principals' and Regionals' Staff Meeting¹

Washington, June 10, 1974, 3:–3:50 p.m.

[Omitted here is discussion unrelated to Chile.]

Mr. Sisco: All right. Chile.

Mr. Kubisch: In a word, on Chile, there are really two things of interest in the last week or so. The first was that Mexico and Chile have been really at sword's points since Allende's overthrow. President Echeverria considered Allende to be a good friend of his. And when Allende was killed or committed suicide on September 11, Mrs. Allende was invited to come to Mexico where she stayed with President Echeverria. And the Mexican Government declared a formal three-day national mourning period. And they have had a lot of problems between the two governments. There were 71 Chileans and some other nationals in the Mexican Embassy in Santiago, as asylees, that the Chilean Government would not give safe conduct to, to leave the country. Rabasa went down a week ago and got them all out. The Mexican Government sent a plane down and got them out.

The other thing of immediate interest to us is that on Wednesday afternoon of this week, Congressman Don Fraser's Subcommittee on International Organizations and Human Rights, and Dante Fascell's Subcommittee on Inter-American Affairs—the two subcommittees jointly are going to have a meeting on Chile. This is the first one for some time. It was going to be held just by Fraser, and Fascell, to be helpful, got in on it, getting some Congressmen interested in the political and international relations aspect of the problem to question the witnesses, too. And they are going to question us very hard about our policy towards Chile, about human rights in Chile and the abuse thereof, the repressive nature of the regime, why we are giving economic and proposing to give military assistance to a regime that denies people their rights, etc. We have worked out answers to all the questions pretty well. We are taking the position—I saw it reflected in today's out-date of *Newsweek*

¹ Summary: Sisco, Kubisch, and Hartman discussed Chile-Mexico relations, forthcoming congressional hearings on Chile, and the attitude of European nations toward the Chilean Government.

Source: National Archives, RG 59, Transcripts of Kissinger Staff Meetings, Entry 5177, Lot 78D443, Box 3, Acting Secretary's Principals' and Regionals' Staff Meetings. Kissinger chaired the meeting, which was attended by all the principal officers of the Department or their designated alternates. Secret. A draft of Shlaudeman's June 12 testimony before Fraser and Fascell's subcommittees is *ibid.*, ARA Files, Miscellaneous Chile Subject Files, 1971–1976: Lot 80D43, Shlaudeman Testimony Before Fraser-Fascell Subcommittee.

Magazine, that *Newsweek* said that as a result of strong but private pressures by the U.S. Government and other governments, the Chilean Government is beginning to moderate its policies and so on. We are taking the position that it isn't very helpful to talk about these things publicly.

Mr. Sisco: I approved that paper, which talks in terms of rescheduling. I just think we ought to go ahead on that.

Mr. Kubisch: As far as the Congressional consultations are concerned, we are moving ahead with those.

[Omitted here is discussion unrelated to Chile.]

Mr. Hartman: If you have any positive facts that we can get out to the European governments on Chile, we ought to do it, because they are all up in arms on it. The British, the Dutch, the Belgians.

Mr. Kubisch: All the socialist governments in Western Europe, or those with very big socialist or communist parties in Western Europe have really been very down on Chile.

Mr. Sisco: Is this becoming another Greece, Art?

Mr. Hartman: Yes, very much. If we have anything positive to say, we ought to try to say it.

Mr. Sisco: Is there anything we can say on that?

Mr. Kubisch: To the Europeans?

Mr. Sisco: We don't have to go out beating the bushes, but I think we ought to be able to make some facts available.

Mr. Kubisch: There are some things we can do. Whether it is wise for the United States to associate itself very closely as a defender of the Chilean regime vis-à-vis European governments is something I think that ought to be considered very carefully.

Mr. Sisco: How many European countries does Chile have relations with?

Mr. Kubisch: I think the present government has relations with about half of the West European governments.

Mr. Sisco: What about an informal suggestion, just very indirect, saying there is work to be done here and they ought to start doing it?

Mr. Kubisch: To the Chileans?

Mr. Sisco: Yes. Is that completely out of the question?

Mr. Kubisch: No. We talk to them about it all the time, in Washington and in Santiago. They just are so insensitive, it is almost impossible to believe.

Mr. Sisco: That is so characteristic of these authoritarian governments.

Mr. Kubisch: They say in effect, "Look, we have done what was right, we are honest people, we tell the truth. We are doing what is

good for these people of Chile. We got rid of all these bandits and these criminals, and these dirty, no-good commies. And we are pure. And why in the hell can't you all understand that?" And we say it is not that simple.

Mr. Sisco: Okay.

[Omitted here is discussion unrelated to Chile.]

168. Memorandum From the Executive Secretary of the 40 Committee (Ratliff) to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, June 11, 1974.

SUBJECT

Termination of the Chile Account

Last August the 40 Committee approved a \$1 million covert action program for Chile, but it never got started because less than a month later a coup changed the picture completely. This January, CIA submitted a request for [*dollar amount not declassified*] to meet outstanding obligations to the Christian Democratic Party (PDC) and provide the party operating funds for three months while the Agency sorted things out and determined if additional aid were warranted (TAB A).

Defense and JCS 40 Committee principals promptly approved the proposal, but State wrestled with it and after lengthy deliberation,

¹ Summary: Ratliff recommended that Kissinger approve a 40 Committee proposal for the provision of covert aid to the Christian Democratic Party for commitments made before the coup.

Source: National Security Council Files, Nixon Administration Intelligence Files, Chile, 1973–. Secret; Sensitive; Eyes Only. Outside the System. Sent for action. Low and Kennedy concurred. Attached but not published was the January 7 memorandum to the 40 Committee containing the request. Popper discussed the January proposal in Document 160. On June 24, Scowcroft approved the recommendation for Kissinger. In a June 25 memorandum for the record, Ratliff noted that the 40 Committee telephonically approved the recommendation on June 24. (*Ibid.*, Minutes of 40 Committee) Colby informed Kissinger on September 5 that of the \$1 million authorized in August 1973, only \$13,000 was spent, all before the coup; Colby added that "the sum of about \$50,000–60,000" authorized in 1974 had been provided to cover obligations "undertaken before the coup and was clearly given with the statement that it was not for current or projected activities. Thus, the statement can be made that we have given no political assistance since the coup and that any assistance given before the coup was in the hope that a change in the Allende government would occur as a result of the election of 1976." (*Ibid.*)

including consultation with our Ambassador, State voted to approve compensation for commitments made before the coup up to \$50,000. CIA participated in State's deliberations and says this is an acceptable resolution. These funds are available in CIA's budget for the current fiscal year which ends 30 June.

Recommendation:

That you approve the State/CIA compromise authorizing payment to the PDC of not more than \$50,000 for commitments made before the coup in Chile.

169. Telegram 4226 From the Embassy in Chile to the Department of State¹

Santiago, July 17, 1974, 2152Z.

4226. Subject: New Defense Minister Complains Re US Arms Deliveries. Ref: State 150955.

1. Summary: Defense Minister Bonilla expresses hope for expanded military assistance from USG. Notes anomaly inherent in USG having reacted more responsively to Chilean arms requests when Allende in office than since, and deplores continuing arms imbalance vis-à-vis Peru. Especially concerned re TOW and M-60 tank deliveries. Ambassador explains problems presented for US, referring inter alia to Section 32 of Foreign Assistance Act. End summary.

¹ Summary: Popper reported that he had explained to Defense Minister Bonilla the factors that made it difficult for the U.S. Government to provide military equipment to Chile.

Source: National Archives, RG 59, Central Foreign Policy File, D740192-0983. Confidential. Repeated to Lima. Telegram 150955 to multiple posts, July 12, stated that the Department was "reviewing entire area of Human Rights and authoritarianism in light of seriousness with which problems are viewed by Congress." (Ibid., D740188-0199) In telegram 4247 from Santiago, July 18, Popper reported on other aspects of his conversation with Bonilla. (Ibid., D740194-0123) In a July 18 telephone conversation with Kubisch, Kissinger referred to Popper's meeting with Bonilla and asked if "our Amb[assador] to Chile could be taught that he is not to reform the Chilean Government." Kissinger expressed his preference for the new Chilean Government over that led by Allende, and he told Kubisch, "Let's see what we can do on military equipment for them." Kubisch expressed concern that making military equipment available to Chile could prompt Congress to pass legislation restricting the Department's ability to provide foreign military assistance. Kubisch suggested informing the Chileans privately that military aid would be forthcoming. (Department of State, FOIA Electronic Reading Room, Kissinger Transcripts)

2. Accompanied by Arma, I paid courtesy call on General Oscar Bonilla Bradavonic, who last week moved over to defense from post of interior minister in general cabinet reshuffle.

3. After amenities, Bonilla launched into a mild philippic with regard to US military aid to Chile. Burden of his complaint was that Peru had acquired some 200 Soviet tanks and other modern matériel, while Chile was finding it most difficult to obtain even fifteen M-60 tanks, and had been told TOW anti-tank device could not be made available because it was a sophisticated weapon. Chileans were deeply concerned, he said, over great imbalance between Peruvian and Chilean arms inventories.

4. Bonilla pointed out that under Marxist regime of ex-President Allende Soviets had been prepared to send to Chile the same type of tanks Peru finally obtained, on extremely advantageous terms. At that time, Chilean armed forces had evaded and delayed Allende's efforts to move forward with a Soviet arms purchase. Today, the very weapons US had agreed to supply Chileans during the Allende period were apparently being withheld or deliveries postponed. Could it possibly be said that USG was more favorable to a Marxist than an anti-Marxist regime? And in these same ideological terms, was it fair to consider Chilean and Peruvian requests for US arms on a more or less even basis?

5. I took exception to Bonilla's approach as being vastly oversimplified. Said Bonilla must remember two essential elements of present situation. First, it was becoming increasingly difficult to obtain military assistance funds from US Congress and people, and what there was had to be spread among a large number of countries. Moreover, certain weapons such as M-60 tanks were in short supply in our own forces (for example, because of diversions during the Arab-Israeli war) and surely Chileans could not expect us to give lower priority to rebuilding our own inventories than to needs of other countries, friendly though they are.

6. Second point, I continued, was that while people of US of course prefer anti-Marxist to Marxist regimes, rightly or wrongly they look at problem in much broader terms. They prefer democratic governments and institutions to dictatorships or other authoritarian regimes, and this inevitably influences members of congress and organs of public opinion. Human rights problems are very real factor in Chile, and there is no doubt they increase our difficulties in meeting Chilean needs.

7. I took occasion at this point to carry out instruction re FAA Section 32 (political prisoners) contained in State 150955. Read out text of Section 32, explained that it was not a mandatory requirement, but enlarged upon its relevance to assistance programs for a large number of aid recipients.

8. Bonilla took response amicably. Asked if it would not be possible for Chileans to manufacture two in their own plants. (TOW seemed

to be his principal immediate preoccupation.) Arma commented that it was a complex weapon, and even if this were technically possible there would be questions re patents and royalty rights of US manufacturers.

9. Comment: I have heard this rather truculent note regarding US military assistance from Chilean officials before, even from General Pinochet. It is a natural reaction of blunt military men who lack the political sensitivity and bureaucratic experience to understand the problem from our angle. Presentation is always good-natured. I think it is useful to reply with equal frankness.

10. Army Secretary Callaway will no doubt be hit with same story during his official meetings next week. We will give him updated briefing on his arrival in Santiago.

11. Other aspects of conversation reported septel.

Popper

170. Telegram 4315 From the Embassy in Chile to the Department of State¹

Santiago, July 23, 1974, 1428Z.

4315. Subject: Secretary Callaway's Conversations in Santiago July 22

1. Summary: Opening, top-level discussions with Chilean President and Defense Minister feature rationale for junta's conduct, and frank exchange on human rights problems confronted by Chile at home and abroad. End summary.

2. Secretary Callaway met with Defense Minister Bonilla a.m. July 22, and had meeting and private lunch with President Pinochet, before

¹ Summary: Secretary of the Army Callaway urged Pinochet and Bonilla to allow interested parties to investigate the human rights situation in Chile, noting that openness could counter the perception that the regime was overly repressive.

Source: National Archives, RG 59, Central Foreign Policy File, D740199-0012. Confidential; Immediate. Repeated immediate to DOD, the Office of the Secretary of Army, and COMUSCINCSO for General Rosson. In telegram 4294 from Santiago, July 20, the Embassy sent the Department a summary of the human rights situation in Chile, including information on the rights and treatment of detainees. The Embassy reported that although there was cause for concern over human rights problems in Chile, an examination of the human rights situation led "to qualified rather than utterly sweeping conclusions." (Ibid., D740196-1019)

beginning technical meetings with top Chilean army personnel afternoon July 22. Latter reported separately. Ambassador present at meetings and lunch.

3. At opening session General Bonilla reviewed circumstances which had resulted in September 11, 1973 coup, in terms familiar to Department. Bonilla expounded at length on excesses of Allende regime. Stressed that regime's resort to illegal procedures to maintain its policies and position; depicted graphically economic hardships and chaos to which country reduced; described subversive activities of extreme left participants in Unidad popular coalition, including illegal arms imports and manufacture and efforts to subvert armed forces. Explained that Chilean military, with long tradition of abstention from all political activity, at first loyally attempted to serve government. When however it became apparent that no other force could prevent institution of an extreme leftist dictatorship, which was in preparation, armed forces yielded to near-universal public clamor for action and undertook September 1973 coup.

4. Now, Bonilla continued, government was attempting to combat Marxist conspiracy, internal and external, designed to force country back into socialist path. Massive leftist propaganda worldwide had given completely misleading image of life in Chile, and Chileans themselves did not have resources adequately to combat this propaganda campaign. Secretary Callaway should while he was here get into streets and ask population how they felt about events in Chile, especially in low income areas. He would see for himself how normal life was in Chile and how widespread support for government is.

5. Under questioning by Secretary and Ambassador, Bonilla gave us some information and figures which may be of interest. He stated that number of those killed during September–October 1973 fighting was about 1,600 (this is not inconsistent with our estimate that 2,000 to 2,500 people have been killed in fighting or executed since September 11); there have been no executions to our knowledge since December 1973. Further, Bonilla said, total number of persons detained for internal security offenses or suspicion since September 11 was about 17,000. Of these over 11,000 had been released; total now in custody was between 5,000 and 5,500. Many of those detained were held for only a short period; for example, it had been necessary in September 1973 to detain all persons in buildings from which snipers were firing on forces around Moneda. Within a few days, all but a few of these had been released.

6. Bonilla repeated (see Santiago 4247) that there were two classes of internal security detainees. First were there because of specific charges under Chilean law, including offenses under Chilean State of War and State of Siege. Second group were being held in preventive detention, also under authority given to government under Chilean State of Siege

regulations authorized under constitution years ago, permitting government to move individuals from one site in country to another. (Bonilla reminded Secretary that Allende had sought similar authority from Chilean congress, but that congress had refused to grant it.) This group was decreasing in size as investigation of each case continued; members of it were continually being released with the sole stipulation that they must take no action which would jeopardize state security.

7. Discussion covered much the same ground during private lunch for Secretary hosted by General Pinochet. Most noteworthy was Pinochet assertion that all Chilean military and intelligence services had issued orders that there must be no torture or other excesses. Pinochet confirmed that "ten or eleven" individuals from a number of these services had been arrested for excesses against prisoners—which, we gather, includes robbery of individuals being searched, etc., as well as torture. Like Pinochet, top army leaders Generals Bonilla, Bravo, and Brady insisted that effective measures had been taken to halt torture.

8. During this discussion Secretary Callaway and Ambassador noted that certain members of US Congress and certain organs of public opinion in US continued to be disturbed by reports of human rights violations in Chile. Secretary pointed out that while these views might ignore internal security requirements which led to current Chilean practices, he could say as former member of Congress that such sentiment did exist. Comparing his own experience in effort to gain support for volunteer army, Secretary advised his hosts to encourage as much personal investigation as possible on part of responsible Americans interested—making available to them opportunity to see for themselves what was going on in Chile. This would not by any means overcome all criticism, but most officials and people of the US approached such problems honestly and with open mind, and eventually—just as in case of media views re volunteer army—some of the observers would report situation objectively. Chileans might not receive completely fair treatment, but this was best course they could take to protect their interests.

9. Pinochet and others present were impressed with Secretary's points. Believe luncheon led to better understanding of USG concerns by president and top army generals, and that it will be helpful here.

10. This message cleared by Secretary Callaway.

Popper

171. Action Memorandum From the Acting Assistant Secretary for Inter-American Affairs (Bowdler) and the Acting Legal Advisor (Feldman) to the Undersecretary of State for Political Affairs (Sisco)¹

Washington, September 3, 1974.

Human Rights Démarche in Chile

In recent weeks we have become increasingly concerned that the failure of the Government of Chile to make sufficient progress in eliminating continuing civil rights violations would jeopardize our ability to continue to provide appropriate economic and military assistance, and credit military sales to the Government of Chile. Several efforts have been made in both Houses of Congress either to cut drastically or to eliminate entirely assistance to Chile; we believe these efforts are likely to be successful either immediately or in the not-too-distant future unless there is some significant movement by the GOC toward complying with its international obligations with respect to human rights matters.

Since the Inter-American Human Rights Commission has recently made suggestions to the Government of Chile to improve its legal procedures, there is a new, multilateral foundation for a further approach by US. ARA and L, therefore, believe that time is now ripe for a new démarche on this subject following Ambassador Blake's recent consultative visit. A telegram authorizing an appropriate low-key approach is attached for your approval.

Recommendation:

That you approve the attached cable.

¹ Summary: Bowdler and Feldman noted that in recent weeks the Chilean Government had failed to make sufficient progress in eliminating civil rights violations and recommended that the Embassy be instructed to deliver a low-key démarche on the subject.

Source: National Archives, RG 59, Central Foreign Policy File, P850148–2670. Confidential. Drafted by Gantz on August 29; cleared by Runyon and Shlaudeman. Tab A, a draft telegram, was sent as telegram 196836 to Santiago, September 7. (Ibid., D740249–0676) The attachments at Tab B have not been found. On September 9, Popper reported that even though the U.S. Government might find the IAHR's recommendations "eminently reasonable," the Chilean Government did not, largely because the regime considered itself "to be engaged in a deadly game, against conspirators both at home and abroad, in which their lives are at stake." Popper concluded that the U.S. Government should encourage the junta to restore normal legal and procedural practices as soon as possible. (Telegram 5492 from Santiago, September 9; *ibid.*, D740250–1095) In telegram 5689 from Santiago, September 18, Popper reported that he had told Carvajal and Merino that Chile had to improve its human rights record if it wished to secure assistance from the U.S. Government. (Ibid., D740262–0074)

Attachments:

- A. Cable to Santiago, with referenced cables and press release.
 - B. Additional cables for background.
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172. Memorandum of Conversation¹

Washington, September 6, 1974.

PARTICIPANTS

President Ford

Dr. Henry A. Kissinger, Secretary of State and Assistant to the President for
National Security Affairs

Nelson Rockefeller, Vice President-Designate

Lt. Gen. Brent Scowcroft, Deputy Assistant to the President for National Security
Affairs

SUBJECTS

Visits; 40 Committee; NSC Meeting on Israeli Requests; Preparation for Rabin
Visit

[Omitted here is discussion unrelated to Chile.]

Kissinger: The *New York Times* has a copy of something on 40 Committee operations in Chile. We will brief the 40 Committee next week. What happened is this: Johnson put money in the '64 elections. We put \$500,000 into the '70 elections and spread it out. We then put more in to influence the Congressional elections and that failed too. After the elections we put money into opposition parties and newspapers. It was designed to keep the democratic process going. This was not a regular covert activity. There was no attempt at a coup. Though there could have been in '70 if we hadn't failed.

¹ Summary: Ford, Kissinger, and Rockefeller discussed how to mitigate the problem of leaked information on U.S. covert action in Chile.

Source: Ford Library, National Security Adviser, Memoranda of Conversations, Box 5, September 6, 1974, Ford, Kissinger, Rockefeller. Secret; Sensitive. According to the President's Daily Diary, the meeting took place in the Oval Office and lasted from 9:26 to 10:30 a.m. (Ford Library, President's Daily Diary). A September 8 article in the *New York Times* entitled, "CIA Chief Tells House of \$8 Million Campaign Against Allende in 70-73," referred to a letter from Harrington to Morgan which contained confidential information from a closed session of the House Armed Services Subcommittee on Intelligence. During a September 9 meeting with the President, Kissinger informed Ford that the leak had come from Congress and that it had not had significant repercussions. (Ford Library, National Security Adviser, Memoranda of Conversations, Box 5, September 6, 1974, Ford, Kissinger, Rockefeller)

There are two problems: The substance is embarrassing but we can ride it out. The other is the leaks. The 40 Committee has followed the same procedures since President Eisenhower.

Rockefeller: I was on it.

Kissinger: All these activities are approved by the Deputies in regular but secret process. If these things leak, we haven't a government.

President: Who did it?

Kissinger: I want to think about that. The Committees are briefed on these activities. The problem is this is the most secret activity we have. If there are minutes, we should be able to track it. We might have terHorst make a statement, not on the facts but on the principle.

President: Let me know Monday. If the committees were informed it shouldn't be a problem.

Kissinger: They were regularly informed.

President: Let's ride it out and we'll see.

Kissinger: We have to have these things.

[Omitted here is discussion unrelated to Chile.]

173. Telegram 5559 From the Embassy in Chile to the Department of State¹

Santiago, September 11, 1974, 2015Z.

5559. Subject: One Year of the Chilean Junta.

1. Summary: As it reaches its first anniversary, the military junta which overthrew the leftist government of Salvador Allende on September 11, 1973 is firmly ensconced in power. Its greatest source of strength is that it has, and is seen to have, supplanted political and social strife, hyper-inflation and an economy near chaos by internal order and a fairly effective if harsh austerity program which could pave the way

¹ Summary: The Embassy reported that although the junta was firmly in power a year after the overthrow of Allende, its weaknesses included the limited capacity of a military-dominated government, the political liabilities created by repressive human rights practices, and the vulnerability of an economy dependent on a single commodity. Despite these challenges, the Embassy concluded that public support for the Chilean Government appeared to remain at a high level.

Source: National Archives, RG 59, Central Foreign Policy File, D740253–0688. Confidential; Priority. Repeated to Buenos Aires, Lima, La Paz, Brasília, Asunción, Quito, USUN, and the Mission in Geneva.

for future economic growth. Its weaknesses include the rigidity and limited capacity of a government dominated in almost all respects by the military; the actual and still more the potential liabilities created by repressive human rights practices, both at home and abroad; and the vulnerability of an economy irrevocably tied to the price fluctuations of a single export commodity—copper.

2. We see no effective threat and no alternative to the junta at the moment. It is slowly relaxing its human rights restrictions, but whether and to what extent it will move toward full restoration of traditional Chilean democratic norms remains very much an open question. End summary.

3. The inevitability of revolt. In evaluating the junta's record, it is important to bear in mind the situation which led to the coup. To a considerable extent, rather than seeking power, the junta had power thrust upon it. The thousand days of the Allende regime had left the country in a shambles. It was wracked by political disputes, polarized by social antagonisms, disorganized by labor and civic unrest, and impoverished by unsound economic policies. It is reasonable to believe that the situation had deteriorated so sharply that some form of violent change was imminent—from the extreme left if not from the right. In these circumstances the assumption of power by the military was urged by some and welcomed by most as an appropriate response. A nation traumatized by what it had been through in the main responded gratefully to the reestablishment of order, sobriety, and more normal economic processes, even at the cost of further suppression of traditional Chilean freedoms. What remained of the left went underground to await a more auspicious day, while centers of anti-junta activity were organized outside the country.

4. Nature of the military government. New as they are to politics and civil administration, the leaders of the junta have organized their government with considerable success. With the single exception of economic and financial matters, all leading government functions continue to be headed by active or retired military officers. There is no Caudillo, although the senior member of the four-man junta, Army Commander General Augusto Pinochet Ugarte, has emerged as Chief of State, and is gradually assuming greater ascendancy. This is still a regime in which all the military services participate: while rivalries exist, they do not affect decision-making at the general policy level. Government leaders work hard and appear to maintain high standards of personal official probity.

5. Administration is frequently heavy-handed and fumbling; the military types vary widely in their administrative ability; the prevailing thrust of the leaders is self-righteous, didactic, intolerant, and conservative. As time has gone by, fear of an imminent Marxist counterattack

has diminished, but it is still a leading element in government thinking. It has resulted in a strident and oversimplified anti-Marxist approach in most areas of the regime's activity.

6. The new Chilean society. An authoritarian society has taken shape within this framework. Traditional political activity and the parliamentary system have been suppressed, and the normal political processes of interaction and feedback between government and people have been curtailed. Leftist parties have been banned; the others have been placed in "recess," forbidden to carry out political activities and limited to the barest administrative tasks. What remains of a once lively press is supine and controlled, largely through self-censorship. Elections are forbidden in all social organizations; new leaders are appointed, and initiatives flow from the top down. The traditional *gremios* (professional, student and business organizations) continue to function. Their notions of a corporate state influence the junta, which is ideologically tugged this way and that by advisers who on the extreme are authoritarian, nationalistic and militaristic, while on the moderate wing they are less rigid and more populist in approach.

7. The human rights problem. In these circumstances, the exercise of human rights in Chile has been severely restricted. The junta has utilized strained legalisms and a compliant judiciary to justify harsh punitive measures—in the early days of the regime, summary executions; later, trials based on the retroactive application of present emergency legislation, sometimes accompanied by strong circumstantial evidence of torture. With experience over time, and with its success in counteracting the clandestine internal opposition, the regimes self-confidence has increased. A moderating trend has set in in this area, but there is no doubt that its continuance is subject to the maintenance of strict internal security standards. By all indications, the system of lengthy detention with little or no contact with families or attorneys, stringent investigation measures, and military justice will continue to be in effect for some time.

8. Nevertheless, Chile is by no means a totalitarian society. Its record in releasing third-country nationals who took refuge in safe quarters, and asylees holed up in embassies, has been good; about 8,500 have gone. The government has allowed all manner of international observers, official and unofficial, to enter the country freely, and has afforded them quite extraordinary opportunities to visit and talk with leading officials, detainees, and critics. The continuance of a four and one-half hour nightly curfew and the ubiquity of armed security forces are borne easily by the average Chilean, whose daily life continues to be carried on in a surprisingly normal fashion.

9. Economic factors may be crucial. It is in the economic area that the government's problems may be greatest. The policy of austerity

adopted to rein in Chile's unequalled inflation has been pursued quite vigorously. But it has proved more difficult than anticipated to counteract world-wide inflationary forces and the inflationary momentum of an inefficient productive process heavily supported by public deficit financing. The cost of living index rose by over 200 percent during the first eight months of 1974 and seems likely to exceed 300 percent by the end of the year.

10. At the same time, under what the government calls the "social market economy," the state continues to disburse resources to moderate the extreme hardship to which the lower and middle income groups have been subjected. Wages are periodically raised, the lowest levels more than proportionately; a national public housing program is getting under way; and agricultural output is being stimulated by sharply higher prices. With the approach of the Southern Hemisphere summer months, the junta has survived a rigorous winter of scarcity and unemployment and looks forward to easier times in the future. It relies on improvements in agriculture, paper and pulp production, copper mining, and other extractive and capital goods industries to take up the slack which low demand for durable consumer goods has created during the austerity period.

11. The Chilean economy, however, remains extremely vulnerable to external forces. Chile's initial steps in the international economic area were highly successful: with USG support it refinanced heavy international obligations on very advantageous terms; it benefitted from the reopening of lending by international banking organizations; and it prepared for an as yet unrealized inflow of private foreign investment through new and encouraging domestic legislation. Beneficial as they are, these developments may well be undercut by events substantially beyond Chile's control. Exports of copper usually comprise 75 to 80 percent of total Chilean exports. While copper at up to \$1.40 a pound earlier in 1974 beefed up Chile's international balances, the price in mid-September had slid to 66 cents. On the other hand, Chile's imports, nearly half of which consist of food and petroleum, still had to be bought at almost unprecedented prices. With the highest per capita debt burden in all of Latin America, and with anything but a well-rounded or efficient local production base, Chile is ill equipped to withstand an international depression.

12. The prospects ahead. As the new regime enters its second year, it has settled down for the longer haul. For the time being it maintains excellent internal security against left-wing terrorist elements. It responds huffily and uneasily to criticisms of its civil and political rights practices from the Catholic Church and the Centrist Christian Democratic Party. While originally committed to the eventual restoration of democratic procedures in a Chile purged of the demagoguery and social

conflict of its recent past, it is moving in that direction very slowly indeed. It would be unsafe to predict when, how or if it will reach that goal.

13. Somewhat surprisingly, given the economic hardships and political restrictions of the last year, public support for the government appears to remain at a high level; there are few of the objective signs of discontent one might expect to see. While the trauma of the Allende denouement persists, most people would agree that there is no alternative to the junta. The regime will continue its search for more efficient administrative procedures; the struggle between authoritarian hardliners and the more populist elements will continue to surge about the junta chiefs; the economic effort will move ahead but may be submerged under international developments. Meanwhile, pro-junta Chileans will continue to react sharply to outside criticism, most of which they regard as the propaganda of Marxist conspirators who carp at the mote in the Chilean eye, while ignoring the beam in the eye of the communist world.

14. More detailed analysis follows in separate airgrams.

Popper

174. Action Memorandum From the Acting Assistant Secretary of State for Inter-American Affairs (Bowdler) to Secretary of State Kissinger¹

Washington, September 26, 1974.

Chilean Requests for Arms Assistance

The recent visit to Chile of Major General George Mabry, CONUSARSO, has given rise to renewed, urgent requests from the Chilean military that we respond to their arms purchase needs, principally the provision of 100 M-48 tanks and a limited number of TOW anti-tank weapons. The Chilean military are convinced that Peru's current arms superiority (air power and armored vehicles) and revanchist spirit will trigger, at some time, a Peruvian attempt to recapture territory lost to Chile in the War of the Pacific (1879-83).

We have been actively seeking to provide Chile on an urgent basis a minimal deterrent capability. DOD shares our concern and interest and is currently ascertaining the availability and possible timing of deliveries on key items requested by the Chileans. Because of the Congressional mood and media climate on Chile following Congressman Harrington's exposé, we propose to hold off implementation and formal notification to the Chileans of DOD's decision on what items can be made available on an urgent basis until after Congress recesses in mid-October. On the TOW, we would wait until Congress reconvenes in November and consult with key leaders before implementing a decision to expedite delivery of the TOW to Chile. We are confident that there will be little significant Congressional opposition to providing

¹ Summary: Given congressional opposition to U.S. arms sales to Chile, Bowdler suggested to Kissinger that a sale of weaponry be held in abeyance while assuring the Chileans that the U.S. Government was in the process of completing action on the purchase.

Source: National Archives, RG 59, ARA Files, Subject and Country Files: Lot 81D324, DEF 12-5 CHILE Military Sales, 1974-75. Secret. Drafted by Karkashian on September 25; cleared by Jenkins, Vest, and Gantz. Sent through Maw. Kissinger wrote on the memorandum, "Chilean foreign minister inquired about TOWs—where does it stand? HK" Attached at Tab A is a draft cable, not published, instructing the Embassy to assure the Chilean Government that the U.S. Government was doing everything possible to meet the needs of the Chilean armed forces; the cable added that Chilean officials should understand the importance of the human rights issue. The final draft was sent as telegram 220331 to Santiago, October 7. (Ibid., Central Foreign Policy File, D740283-0919) Attached at Tab B is telegram 5805 from Santiago, September 24, not published, which noted Chilean dismay at delays in receiving arms. In an October 8 memorandum, Rogers reminded Kissinger that he had approved ARA's September 26 recommendation on October 7, and suggested that because the weaponry in question was defensive, its sale to Chile would not arouse significant Congressional criticism. (Ibid., ARA Files, Subject and Country Files: Lot 75D476, Chile 1974)

the TOW, unless the issue becomes entangled with the uproar over CIA activities in Chile.

Attached at Tab B is Ambassador Popper's most recent cable on this subject urging early and favorable action.

Recommendation:

That you approve the cable attached at Tab A, authorizing Ambassador Popper to assure the Chilean Government that we will continue to honor our commitments to it and that we are in the process of completing action on various pending Chilean arms requests.

Attachments:

Tab A—Proposed cable

Tab B—Santiago's 5805

175. Telegram 6180 From the Embassy in Chile to the Department of State¹

Santiago, October 9, 1974, 2051Z.

6180. Subject: Chilean Requests for Arms Assistance. Refs: (A) State 220331; (B) Santiago 5805.

1. Summary: DefMin Bonilla conveys appreciation for our expression of hope for a favorable USG response to Chilean requests for M–48 tanks and TOWs within next two months. Emphasizing decrease in number of internal security detainees, he defends need for stringent methods in coping with violent extremists, but displays understanding for our Congressional and media problem in months ahead. End summary.

¹ Summary: Popper reported that he had informed Defense Minister Bonilla of the U.S. Government's intention to act soon on Chilean arms requests. Bonilla expressed great satisfaction and responded to Popper's comments on human rights issues by offering a justification and a plea for understanding of the Chilean Government's handling of internal security threats.

Source: Ford Library, National Security Adviser, Presidential Country Files for Latin America, Box 3, Chile–State Department Telegrams, To SECSTATE–EXDIS. Secret; Exdis. The instruction for this démarche is in telegram 220331 to Santiago, October 7. (National Archives, RG 59, Central Foreign Policy File, D740283–0919) Telegram 5805 from Santiago is discussed in the source note to Document 174. On December 2, Rogers assured Heitmann that the U.S. administration's intention to sell weapons to Chile remained unchanged, but he noted the serious problem posed by strong congressional opposition to any military assistance. (Telegram 264721 to Santiago, December 3; *ibid.*, D740349–0725)

2. Since Dept's instruction, for which we are grateful, stopped short of specific commitments, I decided appropriate level for *démarche* authorized therein would be Defense Minister Gen. Oscar Bonilla. Accordingly, I saw him on Oct 9, with Chief of US MILGP (Capt Davis) present.

3. I carefully communicated substance of paras 2 to 5 of instruction to Bonilla. He expressed great satisfaction with regard to indications that within near future way would be open for purchase of tanks and TOWs. He took our point that our willingness to strengthen Chilean army in this way, at a time of shortages in our own forces and other difficulties, is based on our sense of responsibility to help preserve hemisphere stability. He asserted that Chileans had no military aims against Peru, and no reason whatever to attack any of Chile's neighbors. He understood that in entertaining the Chilean arms request, our purpose was deterrence.

4. Bonilla said he would communicate our message directly to the junta. He had no doubt that it would be fully appreciated. Time-frames mentioned would be helpful for Chilean planning purposes.

5. Turning next to what I had said in regard to the human rights issue, Bonilla offered both a justification and a plea for understanding. He pointed out that there had been vast changes in internal security procedures in Chile since the early days of the junta. The number of detainees on security grounds was being steadily reduced. Immediately, those being released were people who had been held without specific charges, but releases of those charged and perhaps even those sentenced would eventually take place. Detention centers such as the National Stadium, Pisagua and Chacabuco had been or were being closed. The number of those newly detained for security reasons had now fallen to only one or two a day. Because of complaints about torture, it was now a practice of the Chilean security authorities to have a doctor examine all those entering or leaving detention centers, to determine whether they had been physically abused.

6. Continuing, Bonilla said the whole business of security detention was distasteful to the junta. It was expensive, it absorbed the energies of too many people, and it provoked sharp and unjustified reactions. Unfortunately, as a result of leftist propaganda, the outside world had a vision of rivers of blood running in Chile—an obvious absurdity. He, Bonilla, would like personally to invite any US Senators concerned to come to Chile and confirm for themselves what the situation was like here today. If they, or any one else, would give him concrete cases of abuse or of disregard for human rights, he would have the matter investigated immediately. At the outset of the coup, it had been necessary to use the emergency provisions of the Chilean constitution to supplant normal legal safeguards for detainees, but this situation had changed and was changing very significantly.

7. At the same time, Bonilla pointed out, a serious internal security threat still existed in Chile. This was proved by the Oct 5 raid on a hideout of the violent leftist MIR (Movement of the Revolutionary Left) organization. In the house where the MIR leader Miguel Enriquez had been killed, the authorities had found an arsenal of automatic weapons. They were constantly finding other clandestine arms stocks. The world had to understand that it was not possible to deal with terrorist opponents as if a situation of normalcy prevailed. The MIR and their likes had no concern for human rights. They used the human rights issue to gain support from others. For example, they and other leftists had flooded the courts with habeas corpus (Amparo) requests on behalf of non-existent individuals to create the impression that thousands were being unlawfully detained.

8. In response to Bonilla's remarks I agreed that Chile's internal security problems were often ignored or misunderstood outside the country. What seemed to me important was to continue the trend toward more normal practices. I applauded the large-scale release of detainees now taking place. Every move in this direction was helpful in coping with the Congressional difficulties I had cited in my presentation. Bonilla said he understood.

9. In noting the desirability of discretion in connection with arms purchases, I discussed with Bonilla international news reports of the Chilean purchase of F–5s and A–37s. He realizes the potential problem which could arise if there were premature publicity for the purchases now contemplated, particularly during the next sixty days.

10. Comment: I believe our message will help to assuage Chilean fears and suspicions and to produce a more relaxed approach to the problem of security vis-à-vis Peru. It will be still more effective if we can give Chileans go-ahead signals for acquisition of meaningful quantities of M–48s and TOWs even before periods mentioned in ref tel A expire.

11. On the human rights discussion, Bonilla's remarks must be viewed in the perspective of Chilean legalisms. Junta has made a case that all its internal security measures are justified under long-standing provisions of Chilean constitution, which allow a government to suspend virtually all human rights guarantees in time of war or emergency. It is a case which many Chilean lawyers challenge, but it is junta orthodoxy, and it is the basis for Bonilla's protestations. At the same time, it is clear to me that he grasps the relationship between critical news reports and Congressional action. Bonilla is known as a relative moderate in Chilean government circles, and I believe he will exert his influence in favor of restraint.

Popper

176. Telegram 242788/Tosec 707 From the Department of State to the Embassy in Italy¹

Washington, November 5, 1974, 0050Z.

242788. Tosec 707. Subject: Chile Arms Package and Human Rights.

1. In accordance with the instruction which you approved on October 7, Ambassador Popper reassured the GOC on October 9 that we would honor our commitments on Chilean arms requests. He also stated that we hoped to give the GOC a favorable response within 30 days to its urgent request for medium tanks and that we hoped to make a favorable decision within 60 days on the expeditious delivery of the TOW anti-tank system. (We conceive a minimum defense capability package for Chile to include approximately 100 M-48 tanks, 100 armored personnel carriers, and up to 20 TOW launchers with 400 missiles. Our best information is that the Peruvians have or will shortly have 300 Soviet medium tanks.) Expiration of the 30 days and developments in the human rights field following your decision of October 7 warrant a final weighing of the case.

2. On October 24, the International Committee of Jurists (ICJ), headquartered in Geneva, released a report supplemental to its September 5 basic review of the Chile human rights situation asserting continued violations by the Chilean Government and alleging that contrary to GOC claims, the detainee population in Chile is increasing rather than decreasing. The ICJ's latest report is being highlighted by the U.S. media. Additionally, we have just seen the final report of the Inter-American Human Rights Commission (IAHRC) which sent a team to Chile in July–August. The GOC has been given the report and a copy has gone to the Secretary General of the OAS. At the discretion of the latter, copies probably will be given to OAS delegation heads on a "reserved" basis. The report, while recognizing some recent progress in some fields, condemns the GOC

¹ Summary: The Department suggested to Kissinger that congressional leaders be called regarding military assistance to Chile, and that the United States accept some Chilean citizens under detention who would soon be released.

Source: National Archives, RG 59, Central Foreign Policy File, D740317-0678. Secret; Immediate; Exdis. Drafted by Karkashian; cleared by Shlaudeman, Jenkins, Aldrich, Vest, and Raphael; approved by Rogers. Kissinger was attending the World Food Conference in Rome. On November 7, Kissinger informed Rogers that he approved the "Chile arms package and inter-related issues as presented in paragraph 3." Kissinger did not want to decide on the human rights circular until he had a chance to discuss it upon his return to Washington. (Telegram 245395/Secto 525 to Quito, November 7; *ibid.*, D740320-0679) Rogers was in Quito for a meeting of foreign ministers. In an October 1 telephone conversation, Kissinger assured Senator Edward M. Kennedy (D-MA) that the Department of State was concerned about human rights issues and told Kennedy that he believed that the Senator's proposed amendment to restrict military assistance to Chile would have "unfortunate consequences." (Department of State, Electronic Reading Room, Kissinger Transcripts)

for consistent human rights violations, including the systematic use of torture. We must expect that it may be leaked to the public at any time, with predictably grave repercussions.

3. In view of the foregoing developments we propose the following scenario for the Chile arms package and various inter-related issues:

A. Following the Congressional elections Assistant Secretary Rogers would telephone Congressman Fascell and one or two other key Congressional leaders with whom we have already discussed arms sales to Chile to review our existing commitments and the proposed Chile arms package. He would say we believe it essential in the interest of regional peace and stability and in light of our previous commitments to go ahead with the FMS cash sale of this minimal package.

B. We would also inform Fascell, et al that while we believe there are some recent encouraging signs in the Chile human rights situation (following the IAHRC team's visit), we share their concern over continuing abuses. We would make clear that we are aware in taking this action of the strong probability that the Congress will enact a tough amendment to the FAA restricting or prohibiting all military assistance, including FMS credit sales to the GOC, pending fundamental and continuing improvements in the human rights field. (It seems likely that a Presidential determination of significant progress in human rights will be required to resume military deliveries.)

4. The cost to our Congressional and media relations is likely to be substantial if we proceed with the above scenario. In particular, the chances for obtaining from the Congress a satisfactory security assistance bill would be reduced. Nevertheless, the risks to regional security, the cost to U.S.-Chile bilateral relations and perhaps equally important our ability to influence Chilean human rights behavior, persuade us that we should proceed to do what we have said we would do.

5. To help in some degree to ameliorate the adverse reaction when word of the Chilean arms package becomes public, we may wish to request from the Attorney General standby authority to accept a limited number of Chilean citizens currently under detention who may be released shortly in accordance with the GOC's announced intention. Additionally, we renew our recommendation that you authorize the human rights circular in Win Lord's memo which you have with you. The circular is unclassified and we would see that it is made public in order to reinforce our worldwide interest and concern that individual human rights be protected and to identify clearly and forcefully the U.S. with this objective.

Ingersoll

177. Transcript of the Secretary of State's Regional Staff Meeting¹

Washington, December 3, 1974, 8:07–9:07 a.m.

[Omitted here is discussion unrelated to Chile.]

Mr. Rogers: On Chile, as you know, the Senate Foreign Relations Committee passed unanimously a Kennedy ban on arms assistance.

Secretary Kissinger: I think it's a disaster.

Mr. Rogers: Well, I said as much to Kennedy. He's unimpressed. There's a memorandum of my conversation with him. I sent the letter.

Secretary Kissinger: We won't rest until we have left wing governments in power everywhere. It's too dangerous for military people. If they were like Peru, they'd have no trouble.

Mr. Rogers: Is that a left wing government?

Secretary Kissinger: Well, whatever it is. It's, at least, anti-American.

Mr. Rogers: Anti-American, anti-free press. They control all newspapers.

It passed unanimously and was put up to the committee by Humphrey. And I gather that, in general—

Secretary Kissinger: Is that one of those things you guys sneaked by me on the Foreign Aid bill?

Mr. Ingersoll: No. We talked—

Mr. Maw: Kennedy got ahold of Humphrey the night before the meeting and said he would oppose the bill on the floor unless Humphrey put this in. Humphrey put this in the bill without telling us what he was doing at all.

¹ Summary: Kissinger, Rogers, and Maw discussed congressional attempts to cut off military assistance to Chile and the potential impact the cut off would have on the military government in Chile.

Source: National Archives, RG 59, Transcripts of Kissinger Staff Meetings, Lot 78D443, Box 5, Secretary's Staff Meetings. Secret. Kissinger chaired the meeting, which was attended by all the principal officers of the Department or their designated alternates. In a meeting with Ford on the same day, Kissinger, in outlining administration strategy to prevent Congress from cutting FMS, stated, "I think our strategic position has to be to go to the people against the Congress. I will go to the people too and talk about the Executive-Legislative relationship. In the name of human rights, they [Congress] will undermine national security." (Ford Library, National Security Adviser, Memoranda of Conversations, Box 6, December 3, 1974, Ford, Kissinger) In a December 4 memorandum to Kissinger, Rogers suggested that he inform Kennedy that terminating military assistance would lessen the U.S. Government's leverage with the junta, and that Peru might perceive termination of assistance as a "green light" to invade Chile. (National Archives, RG 59, ARA Files, Subject and Country Files: Lot 81D324, DEF 12-5 CHILE, Military Sales 1974-75)

Now, there is a chance of making a compromise in the Conference Committee, because the House bill does permit a waiver for a MAP up to 10 million dollars—and that includes training.

Secretary Kissinger: Oh, come on! Ten million dollars—when the Cubans are putting instructors and the Soviets are putting tanks into Peru?

Mr. Maw: It isn't on the merits. The whole thing is on this silly human rights question and the publicity on it. Kennedy has the ball and is going to try to run with it.

Secretary Kissinger: If we don't stand with what our interest is, and if every time we get tackled we get compromised or call something a compromise, that's the same as yielding and we're in deep trouble.

What are the options going to be for Chile to overthrow the military—to bring a government in that's going to be extremely hostile for us, in all probability?

I don't know what the options are or for the military to become more non-aligned and get their arms from the non-aligned. What else is going to happen? You don't expect a military government to be without arms.

Mr. Maw: These people aren't concerned about that; they're only concerned about—

Secretary Kissinger: But we're concerned about it.

Mr. Maw: Yes. And, unfortunately, they've got the votes to get us in trouble on this human rights issue. And if we can square that away—

Secretary Kissinger: Oh, come on—if we can square away the human rights! How are you going to square the human rights issue with Don Fraser? He's going to come out and redouble his efforts for human values.

I'll see him, but I'll guarantee that's going to be the outcome.

Mr. Maw: What is the answer?

Secretary Kissinger: How are we going to square away the human rights issue?

Mr. Maw: The only way is to make a good statement, letting it get published.

Secretary Kissinger: Out of the question. I don't yield to this sort of nonsense. That won't do it. I'll meet with Don Fraser.

Mr. Holton: Do you want to try with Kennedy? He wants to see you too.

Secretary Kissinger: On what?

Mr. Holton: He wants to talk about his trip and compare notes with you.

Secretary Kissinger: Kennedy I'd be glad to see. I have good relations with him. With Kennedy there's a chance of getting something.

Mr. Holton: He would like to see you this week.

Secretary Kissinger: Alone?

Mr. Holton: Yes.

Secretary Kissinger: Without talking to him.

Mr. Holton: Do you want to do it?

Secretary Kissinger: Kennedy I'll see. You keep it out of the newspapers.

Mr. Holton: I won't put it in the *Post* first thing in the morning.

Secretary Kissinger: I'll see Kennedy.

Mr. Ingersoll: Maybe you can swing him around.

Secretary Kissinger: On Chile I can't swing him around. We have to fight a general battle, which we do not open by this self-serving human rights attitude. And I don't want to hear that in a large group anyway. I've told you people a hundred times. Our record on human rights is very good, but I won't play that sort of self-serving game by publishing a document. I absolutely will not do it.

We've got more people out of more countries than almost anybody else, but I am not going to play that game. But I want us to stand for what is in the national interest—

Mr. Maw: Of course.

Secretary Kissinger: —and not go running around for compromises every time.

Somebody has to take these things on. They are going to cripple any foreign policy we have. I've been telling you people for years what was going to happen on Ethiopia, and you cannot have military governments that you don't give arms to. They're going to get it sooner or later from somebody else.

From the minute they were closing the base in Ethiopia, I predicted what was going to happen.

Mr. Ingersoll: Humphrey didn't tell us about putting this thing in. We had no idea until the morning of the Senate Foreign—

Secretary Kissinger: Well, I had no idea until after the staff meeting. It wasn't told to me yesterday.

Mr. Ingersoll: I thought we talked about it yesterday afternoon.

Secretary Kissinger: It wasn't clear to me. Ten million aid is clearly an insult.

Mr. Rogers: That's a complete ban—outward.

Secretary Kissinger: Well, what's ten million?

Mr. Rogers: Ten million—what Carl was trying to suggest—was in the House bill, as a possible compromise.

Secretary Kissinger: Gentlemen, what kind of a goddam compromise is 10 million dollars to a country whose neighbor is getting large amounts of tanks and in which it's scared out of its mind? It's nothing.

Mr. Maw: There's nothing in the House bill and there's nothing in the Senate bill.

Secretary Kissinger: But don't tell me we won't salvage anything. The difference between 10 million and nothing is nothing. Somebody has to say what the consequences are, and that is not simply a human rights issue.

Mr. Maw: Yes, sir.

Secretary Kissinger: Also, I'd like to know whether the human rights problem in Chile is that much worse than in other countries in Latin America or whether their primary crime is to have replaced Allende and whether people are now getting penalized, having gotten rid of an anti-American government. Is it worse than in other Latin American countries?

Mr. Rogers: Yes.

Secretary Kissinger: Well, I think the consequences could be very serious, if we cut them off from military aid.

Mr. Rogers: There's no question about it, but the difference between what we—

Secretary Kissinger: Well, I think it's a helluva lot more important on how we vote ourselves.

Mr. Rogers: It really, I think, raises a serious proposition with Congress because the great majority of the members of Congress feel very strongly about it, rightly or wrongly.

Secretary Kissinger: That may very well be.

Mr. Rogers: They'll go to the mat on the issue.

Secretary Kissinger: They'll what?

Mr. Rogers: They'll go to the mat on the issue—as you'll hear from what Teddy [Kennedy] was talking about.

Secretary Kissinger: It may well be. And Teddy knows when we have a Castro-like government in Chile. What are we going to say—the State Department wanted to compromise between 10 million?

Mr. Rogers: No, no.

Mr. Ingersoll: No, no. We don't have any other alternative, unless we fight it on the floor.

Secretary Kissinger: It makes no great difference to me whether we get nothing or 10 million. What is the benefit? And, you know, we won't get 10 million either.

Mr. Maw: Unless we can beat the Senate thing on the floor, we're in real trouble.

Secretary Kissinger: But we've got to get a better progressional system where we've got people lined up to fight on this. There must be other people lined up to fight besides myself personally, and it can't be that we get hit time and again and nobody is there to support what's right. And no one is against human rights. This is an issue of balancing the overall interests of the country.

Mr. Rogers: Miki wasn't standing up on this issue.

Secretary Kissinger: Were we standing up on the issue is the question.

Mr. Maw: We weren't even consulted. We got it out in a staff report, in the staff level. We got them to agree to take all—to eliminate—

Mr. Rogers: Restrictions.

Mr. Maw: —restrictions.

Secretary Kissinger: Well, am I wrong that this sort of thing is likely to finish off that government?

Mr. Rogers: Yes; I think that's true.

Secretary Kissinger: All right. What's going to happen after that? Does anyone know?

Mr. Rogers: If they don't get the arms?

Secretary Kissinger: No. What will happen if that government collapses?

Mr. Rogers: There are two possibilities. One of them is that you could have a reversion to the Christian Democrats. You know, this government is now in the process of severing its relationship with the Christian Democratic Party.

Secretary Kissinger: I don't think they should vote with us in the OAS or the UN, and I think it's better than the Allende Government.

Mr. Rogers: Well, I agree.

Secretary Kissinger: And if the army winds up totally demoralized, that will affect amongst those out of office the whole future of politics. If it becomes clear that the army can ever move again, the left will become immeasurably strengthened; am I wrong?

Mr. Rogers: That's true. The question is which part of the left—the Christian Democratic Party or the Socialist members of the Popular Front. The base of that government is not—

Secretary Kissinger: I have no use for that government.

Mr. Rogers: The major concern of that government and the cause of its erosion right now is the threat from Peru. They would be considerably less disturbed about the question of arms supplies from the United States if the Peruvian threat didn't exist.

Secretary Kissinger: The fact is that throughout the Allende Government it was an article of faith that military supplies to Chile should

be continued. There was never any effort to stop it, even when they were expropriating us. When human rights were strengthened under the Allende Government, there was never any move to stop it. The worst crime of this government is that it's pro-American in the eyes of many of these supporters, of these cut-offs.

Is this government worse than the Allende Government? Is human rights more severely threatened by this government than Allende?

Mr. Rogers: Well, I can't say that, Mr. Secretary. In terms of freedom of association, Allende didn't close down the opposition party. In terms of freedom of the press, Allende didn't close down all the newspapers.

Now, in terms of human rights, the effectiveness of the criminal process, there you have an argument. There was arbitrary arrest and torture.

Secretary Kissinger: The fact is there was no challenge to the pipeline. There was no challenge to the military supplies, toward Chile, during that whole period.

Mr. Rogers: Well, it's true. In fact, the present proposal is an implementation of a commitment or proposition that we put to the Chileans, to the military, during the Allende Administration.

Secretary Kissinger: Whom are we going to win in Latin America by that sort of a policy? Who is going to be more for us than before? Do we cut off military aid to Chile, and how many of our people are really egging Kennedy on.

Mr. Rogers: I'm sorry?

Secretary Kissinger: How many State Department people are egging him on.

Mr. Rogers: Preparing to take him on?

Secretary Kissinger: Egging him on.

Mr. Rogers: I don't know of anyone prepared to take him on.

Secretary Kissinger: I wouldn't want to take a secret ballot in ARA.

Mr. Rogers: Well, I'm not sure he needs any egging on from ARA.

Secretary Kissinger: Well, I think it's a disaster. It's going to be useless to Chile.

Mr. Rogers: Yes. I wrote a couple of answers on it.

Secretary Kissinger: I'll talk to Teddy for old times sake. But let my office arrange it.

Mr. Holton: I'll go into it.

Secretary Kissinger: I'll go into it. It's useless; I'll talk to him about his trip.

[Omitted here is discussion unrelated to Chile.]

178. Transcript of the Secretary of State's Principals and Regionals Staff Meeting¹

Washington, December 20, 1974, 8:10–9:02 a.m.

[Omitted here is discussion unrelated to Chile.]

Secretary Kissinger: Did you see that cable of what the Chilean army is thinking of? It sneaked through, or was it an INR report?

Mr. Hyland: Embassy cable.

Secretary Kissinger: Embassy cable. Three days ago.

Mr. Rogers: Well, the truth—the reality of the aid ban—

Secretary Kissinger: What exactly does that aid ban do?

Mr. Rogers: Well, the generality is quite clear. It bars credits for cash sales; it does not bar commercial sales. The generalization of those principles into materials and pipeline—

Secretary Kissinger: You mean the 10 million went out too?

Mr. Rogers: It's not including training.

Secretary Kissinger: Now, just a minute. This is another one of those things. I got into going along with the argument that it's only a cut of 10 million from 20 million. Now I find that I was told that we could save it in the House conference. Now it's disappeared without any information to me.

Mr. Maw: They knocked it out at the last meeting. They didn't even know what they were doing in the Conference Committee meeting.

Secretary Kissinger: But what did we do?

Mr. Maw: We've got 55 million for aid.

Mr. Rogers: 25.

Mr. Maw: 25.

Secretary Kissinger: Do you believe that a military government will do nothing when it's cut off from aid?

¹ Summary: Kissinger, Rogers, and Maw discussed the implications of a ban on U.S. military assistance for Chile.

Source: National Archives, RG 59, Transcripts of Kissinger Staff Meetings, Lot 78D443, Box 5, Secretary's Staff Meetings. Secret. Kissinger chaired the meeting, which was attended by all the principal officers of the Department or their designated alternates. In telegram 7654 from Santiago, December 18, the Embassy reported that the Chilean military would seek to procure weapons from Spain, the Arab nations, and the PRC. (Ibid., Central Foreign Policy File, D740368–0466) In a December 23 staff meeting, Kissinger, Rogers, and Maw discussed the possibility of completing commercial sales of arms to Chile in a manner consistent with the ban on military assistance, and Kissinger expressed his intention to have a public fight with Congress over the role in foreign policy that it was asserting for itself. (National Archives, RG 59, Transcripts of Kissinger Staff Meetings, Lot 78D443, Box 5, Secretary's Staff Meetings.)

Mr. Rogers: No. I know they're casting wildly about.

Secretary Kissinger: Are we not going to rest until we get a left wing government that forces them toward the Arabs or Chinese or somebody? But how can we acquiesce on this? There was a big debate in this room on whether it should be 10 million or 20 million, and now we wind up with nothing. Did anyone believe if I had known this that I would have agreed to it?

Mr. Rogers: Well, you got a memorandum of my conversation with Kennedy on this.

Secretary Kissinger: Yes, but I know what Kennedy's position is. I wouldn't have paid the slightest attention to it. My position is that I don't yield to Congress on matters of principle.

Mr. Rogers: Well, we took it on this one—there's no question about it. And now what we have to do in the first instance—

Secretary Kissinger: Yes, but we have to have a system on matters so that my views could not be obscured. I don't tolerate the Department making these concessions. You, at least, ought to give us a chance to threaten a veto. You know, it's wildly against the national interest.

Mr. Rogers: And I argued it up on the Hill.

Secretary Kissinger: Yes, but I didn't know about it. I could have argued it up on the Hill, but to that level we have to fight—on the Turkish aid thing. You know what the consequences of this might be.

Mr. Rogers: Well, it's hard for me to believe that you didn't understand. You were faced with an outline.

Secretary Kissinger: No.

Mr. Rogers: My last recollection is that we raised this in a staff meeting the day or two before I went there.

Secretary Kissinger: I understood that the Senate was going to cut it off, that the House was going to pass something, and that the conference was going to raise something. And when I was told it was only 10 million, then I was told, well, the request was only 20 million; and then I acquiesced. That was my knowledge. And I was also told if you get the 10 million, you also have a sale.

Mr. Maw: The Senate bill survived the conference, and Humphrey promised he would give us—the House—10 million.

Secretary Kissinger: I was told that Humphrey had to humor Kennedy in the Senate and that it would be rescued in the House.

Mr. Rogers: Well, I don't read that confirmation because my diagnosis of this thing all along the line is that we were faced with an absolute ban. That's why, as Carl knows, I was up on the Hill.

Secretary Kissinger: I would have been delighted to go to the mat.

Mr. Maw: We didn't know this, when the conference report actually came out.

Secretary Kissinger: We've got to go to the mat on things of national interest. What else are we here for? You can't throw a country to Kennedy just because it satisfies some ego trip that he's got.

Well, what can we do now? Does that mean they cut off all military assistance out of there?

Mr. Rogers: Commercial sales are still O.K.

Secretary Kissinger: But what does that mean in practice?

Mr. Rogers: That's the big question.

Secretary Kissinger: I know the question. What's the answer?

Mr. Rogers: The answer is Pentagon lawyers are still raising complications. We've got to argue them around it; right, Carl?

Mr. Maw: Yes. We finally got some language in the conference report that we stuck in after we got through it.

Secretary Kissinger: Yes, but how the hell did it happen that I didn't know about this? This is an important question to me. I would have held up the bill on this issue and, given the eagerness of these guys to leave, they would have put something in there.

Now that that's done, what can we do?

Mr. Rogers: Well, the first thing we're doing is organizing a working group with the Chilean military to try to get as much as we can—from the language of the bill that has come out.

The second thing we're doing is looking around for whatever other policy alternatives there are. We have to reassure them.

Secretary Kissinger: But how can you reassure a country you've just cut off military aid to? I mean how do you reassure them?

Mr. Rogers: Well, their first question, when they came in to me yesterday, is: "What can the United States do to guarantee this?"

Secretary Kissinger: Don't you think it's absurd for the United States to guarantee a country to which it isn't selling arms? I didn't understand that it had been cut off, until Kennedy snapped at me yesterday, for having played so unfair with him, at the swearing-in of the Vice President.

I told him, "Do you realize it's going down the drain?" "Well, he said, "we can afford to lose a country now and then."

We can't acquiesce on that, and I have to talk to the President. We cannot do it. We cannot get into that business while I am here, of behaving that way, of making a deal with a Senator that we know is against the national interest. You know the only possible outcome of this can be an extreme left wing government in Chile or driving the Chilean Government sort of toward the Arabs.

You've already seen that in that cable—whether they're willing to go toward the Arabs or the Chinese—and when we reach a point when

the Chinese have to save us from the Russians in Latin America, it's a disgrace.

Well, what can be done? Is there anything we can do with the new Congress? Of course, they'll be worse than the old one. Now, we need a special act up there.

Mr. Maw: We've got to work out a sales program here so we carry on a program using their money. That's what we've got to do.

Mr. Rogers: The first thing is commercial sales, and the second thing is the situation. The regrettable part about the situation is they are about to come up with a program to retain this. We may have a better—

Secretary Kissinger: Assurances is total nonsense. It is total, unadulterated nonsense. The United States has no guarantee—no right to give a guarantee to Chile that will never be implemented, so we better work out something.

What's the difference between FMS and commercial sales?

Mr. Rogers: Availability of commercial equipment—Government arsenal.

Secretary Kissinger: Well, we better talk to the Pentagon. But when am I going to know about it?

Mr. Maw: When we get the answer from the Pentagon.

Secretary Kissinger: Well, when will that be—Monday morning? If you need help, I'll call Schlesinger—

Mr. Maw: Right.

Secretary Kissinger: —at the staff meeting Monday morning.

[Omitted here is discussion unrelated to Chile.]

179. Memorandum of Conversation¹

Washington, December 24, 1974, 3:25 p.m.

SUBJECT

1. Cut-Off of U.S. Military Assistance to Chile
2. Secretary's South American Travel Plans

PARTICIPANTS

U.S.
 The Secretary
 Assistant Secretary, Mr. William D. Rogers
 ARA/BC/C, Arnold M. Isaacs (notetaker)

Chile
 Chilean Chargé d'Affaires, Enrique Guzman

Secretary Kissinger: I want you to know that we are strongly opposed to the Congressional action. We will do our best to reverse it, although I don't know how soon that will be. Meanwhile we will make a maximum effort to make available as much as possible on the basis of commercial sales. I hope we can arrange for the sale of the TOW.

You know the problem that causes us difficulty with Congress. We don't want to tell you how to conduct your domestic affairs, but anything you and your government can do on this score would help.

Mr. Guzman: We are very grateful for all you have done and for seeing me on this occasion.

Secretary Kissinger: What can we do about military training?

¹ Summary: Chilean Chargé Guzmán and Kissinger discussed the implications of a ban on U.S. military assistance to Chile and Kissinger's prospective trip to Latin America.

Source: National Archives, RG 59, Central Foreign Policy File, P820123-0667. Confidential; Nodis. The meeting was held in Kissinger's office at the State Department. Drafted by Isaacs. In a December 20 meeting with the President, Kissinger stated, "The Chilean aid cut is disastrous. I want us to do everything possible to get arms for Chile. They [the Chileans] can buy commercially but Defense says they won't sell if there is any DOD component." (Ford Library, National Security Adviser, Memoranda of Conversations, Box 7, December 20, 1974, Ford, Kissinger) The Foreign Assistance Act of 1974, which included a ban on FMS to Chile, was signed into law by Ford on December 30. Upon signing the legislation, Ford stated, "I regret the action of Congress in cutting off the modest program of military assistance to Chile," adding that he did not consider the measure to be an effective way to promote human rights there. (Statement on Signing the Foreign Assistance Act of 1974, December 30, 1974, *Public Papers: Ford*, 1974, p. 780) Rogers informed Kissinger on January 4, 1975, that Maw thought that continued U.S. training of the Chilean military was inconsistent with Congress's cutoff of military assistance, but Kissinger decided to continue the assistance until he could consult with Congress upon their return. (Department of State, Electronic Reading Room, Transcripts of Kissinger Telephone Conversations)

Mr. Guzman: The ban on training is psychologically our greatest problem. Second is the problem of cash sales. There are certain items like tanks . . . Sometimes there were contracts . . .

Secretary Kissinger: Are students coming up in January?

Mr. Guzman: Yes, a new class is due to arrive. Also there's the question of students who are here on multi-year programs. We don't know for sure what happens to them.

Mr. Rogers: Those here now can stay.

Secretary Kissinger: We must look into this further.

Mr. Guzman: There are two more important problems.

We are very worried about the situation with Peru. Even assuming for purposes of argument that there is no immediate threat, Peru is receiving aid from the Russians and we are being forced to divert our scarce resources from our economic needs.

Secretary Kissinger: The reason I'm seeing you is that I realize the situation is critical. You can count on my raising the subject with the new Congress. I'm planning a speech on Congress' action and foreign policy. That won't be immediately but rather in 2 to 3 months. It will cover the global problem of Congressional limitations on military assistance.

Mr. Guzman: Mr. Secretary, I've just received a telex invitation from my Foreign Ministry—inviting you to go to Santiago on your January trip to South America.

Secretary Kissinger: It will probably be in February.

Mr. Guzman: Our Minister is very interested that you visit Chile. Are you planning to go to Santiago?

Secretary Kissinger: I haven't fixed an itinerary. But we'll pay a domestic price here if I go.

Mr. Guzman: I hope you will also take into account the political implication in Chile of going to Lima without going to Santiago.

Secretary Kissinger: But if I went to both?

Mr. Guzman: We wouldn't mind at all.

Secretary Kissinger: I can understand your concern. You can tell your government that when I go to Latin America, I would not stop in Peru without stopping in Chile.

The reason I'm seeing you is to assure that you don't do anything panicky before we have a chance to act.

Mr. Guzman: Thank you very much, Mr. Secretary, for seeing me. I shall convey your comments to my government.

180. Telegram 49 From the Embassy in Chile to the Department of State¹

Santiago, January 3, 1975, 1725Z.

49. Subject: Conversation with President Pinochet.

1. Summary: President Pinochet warmly welcomes Secretary's visit; requests U.S. support for Paris Club debt renegotiations; hopes U.S. can find way to help with military assistance; and asserts centerpiece of GOC policy is friendship with U.S. End summary.

2. I called on President Pinochet January 3 to solicit any views he might wish to express in advance of my departure for participation in the COM conference and consultation in Washington. Foreign Minister Carvajal and DCM were also present.

3. Secretary's visit: President Pinochet began by expressing his genuine pleasure at the prospect of Secretary Kissinger's visit, asserting that it would be extremely helpful. He noted that the GOC would have an opportunity to expose the Secretary to the same views which had been expressed to members of his policy planning staff during their October visit here. In addition, the Secretary would have an opportunity to observe for himself the reality of the Chilean situation, so different from the image which has been created abroad. He thought this particularly important in the area of human rights. The Secretary would be able to see for himself that the Chilean Government respects human rights. The President said he would not contend that abuses have not occurred or that they do not still occur on occasion, but the fact is that a military officer is serving a prison term as result of such transgressions and there is no question but that abuses are rapidly declining.

¹ Summary: In anticipation of a possible visit to Chile by Secretary Kissinger, Popper and Pinochet discussed key bilateral issues, including human rights and U.S. economic and military assistance.

Source: National Archives, RG 59, Central Foreign Policy File, D750003-0830. Confidential; Priority; Exdis. Because of the impending collapse of the South Vietnamese Government and crises in the Middle East, Kissinger's first trip to Latin America as Secretary of State was postponed until February 16-24, 1976. He did not visit Chile until June 7-9, 1976, when he attended the OAS General Assembly there. On January 6, the Embassy reported that although there had been no major change in the human rights situation, some individuals within the Chilean Government understood that the issue was affecting Chile's international image. (Telegram 84 from Santiago, January 6; *ibid.*, D750005-0495.) In telegram 131 from Santiago, January 7, the Embassy commented on reports that Pinochet and other Chilean officials had become convinced of the need to curtail human rights abuses. (*Ibid.*, D750006-0976.) In telegram 726 from Santiago, February 3, Popper reported that Chilean military officials were "desperately concerned" by the prospect of a Peruvian attack and by the refusal of the United States to provide even minimal material and moral support. (*Ibid.*, D750038-0954.)

4. The Secretary would appreciate that Chile has special problems. It is clearly impossible for the GOC to handle the juridical aspect of armed terrorism other than by means of military tribunals, since the civilian courts of ordinary justice have no body of statute law envisaging such offenses. The President said he had been holding discussions with the Minister of Justice with a view to attempting to distinguish between violent acts and such offenses as distribution of propaganda, remanding perpetrators of the latter offenses to civilian courts. I agreed that a sharper distinction between terrorist activities and other offenses could be helpful.

5. The President noted that official GOC proposals for the release of 200 prisoners to Mexico were being carried forward in such a way that President Echeverria would not be able to say that he had no official knowledge of the GOC offer. President Pinochet said he hoped soon to be able to deliver the 200 prisoners, "with Laura Allende at their head," to Mexico.

6. I said that as of now the tentative date for the Secretary's visit remained February 18, but that this of course depended upon agreement with other countries to be visited with regard to proposed dates. I said we would be in touch further with the GOC as soon as more definite word was available.

7. The Foreign Minister asked that I determine the subjects the Secretary would like to cover in order that the GOC might be fully responsive to his interests. He said he assumed that the Secretary would wish to have GOC views on subjects on the agenda for the Buenos Aires MFM. I said I would seek to determine the Secretary's interests and inform him. I said I shared his assumption and further assumed that the Secretary would wish to have Chilean views on bilateral matters and the human rights issue which poses such problems for us.

8. Economic assistance: President Pinochet said the GOC very much needs U.S. support in the next round of Paris Club debt renegotiations. He noted that falling copper prices have posed a serious balance of payments problem to the GOC and that debt relief is essential for the GOC to manage the situation. I said I was hopeful that we could be of assistance in this regard, as we had been last year.

9. President Pinochet also expressed his strong desire that the USG avoid placing any obstacles in the way of potential U.S. investors in Chile.

10. I said that far from impeding U.S. investment in Chile, we had hoped to see it revive. We had begun some preliminary discussions with Chilean authorities about renewed OPIC operations here which might serve as a further incentive to potential U.S. investors. I said that I would be considering with my colleagues in Washington other possible ways

in which we might be of assistance, including the possibilities of guarantees for low-cost housing program and Ex-Im Bank activities.

11. Military assistance: The President said he could not fail to mention GOC interest in U.S. military assistance, noting that the GOC remained hopeful that we would find a way to help. I said that both the Department of State and the Embassy had exerted every effort to assist Chile in this area. The executive branch, from President Ford down, had consistently opposed restrictive legislation with regard to Chile. I read and left with the Foreign Minister, President Ford's December 30 comment on aid to Chile in his statement upon signing the FAA of 1974, noting that I had seen nothing of this statement in the local press. The President grimaced at the part of the statement in which President Ford indicated he shared Congressional concern about the human rights situation, but seemed to take my point about Presidential opposition to the military assistance cut-off for Chile.

12. I also reminded the President of the Secretary's conversation with Chilean Chargé Guzman in which the Secretary said we would work to change the restrictive legislation, in the new Congress. However, I observed that this would inevitably require some months. President Pinochet acknowledged that delay would be inevitable and asserted he thought the new Congress would be more difficult than the old one. I said that might be true, but other circumstances might also change in the interim. I also noted that we were examining carefully how much leeway the restrictive legislation left us with regard to military training, and would be in touch with Chilean military leaders. President Pinochet reminded me again that during the Allende Government he had made clear to my predecessor, to General Underwood, USCINCSO, and to General Maybry, USARSO, the Chilean army's unwillingness to accept Soviet arms even at the bargain prices and favorable credit terms then being offered. He remarked that Chile was now paying the price of having assumed that position.

13. GOC policy: General Pinochet concluded by saying the United States will one day understand that Chile is a true friend, probably the best, and perhaps the only true friend in the hemisphere. Even though Chile is a better friend of the United States than the U.S. is of Chile, friendship with the U.S. continues to be a centerpiece of GOC policy. "In our case," he said, "that has always been true, and it is too late to change now."

Popper

181. Memorandum From the Deputy Director of Central Intelligence (Walters) to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, January 7, 1975.

SUBJECT

Conversation with Colonel Juan Contreras, Chief of the Chilean Intelligence Service

1. *On 7 January 1975 I saw the Chief of the Chilean Intelligence Service, Colonel Juan Contreras, in my office. He came as a special envoy from President Pinochet with a message for you to be delivered through me.*

2. I saw Contreras alone for forty-five minutes and then had him to lunch with two of my assistants. While we were alone he handed me the attached memorandum from President Pinochet.

3. *Contreras told me:*

a. *The Chilean Government has completely dismantled the Armed Extremist Organization. They have infiltrated a member into the Central Committee of the Chilean Communist Party. He tells them that Communist instructions for the time being are to lie low and avoid violence.*

b. *President Pinochet is awaiting your visit with great pleasure and interest. He is willing, following your visit, to take a number of steps in the direction of human rights and let you have the credit for having persuaded him to do it. He wants to do everything he can to make your trip a success. They will take all necessary unostentatious security precautions.*

c. *In great confidence Contreras told me that President Pinochet has decided to replace Chilean Ambassador to U.S. Heitmann with a civilian*

¹ Summary: Walters reported on a meeting with the Chief of the Chilean intelligence service, Colonel Juan Contreras. During the meeting, Contreras delivered a memorandum from Pinochet outlining the economic and military assistance desired by the Chilean Government.

Source: Ford Library, National Security Adviser, Kissinger-Scowcroft West Wing Office Files, Box 4, Chile. Secret; Sensitive; Eyes Only. A copy of the January 3 memorandum from Pinochet that was delivered by Contreras to Walters is attached and published. In a handwritten note attached to the memorandum, Scowcroft suggested to Kissinger that the U.S. Government respond to Pinochet's message by having Walters indicate that "we want to do what we can," and that Kissinger "would hope to discuss it if you are able to visit Chile"; Kissinger approved. In a memorandum to Scowcroft, December 31, 1974, Walters noted that he had declined a Chilean invitation to Santiago for private discussions with Pinochet, and that he had suggested, as an alternative, that Contreras travel to the United States to meet with him. He added that Contreras was scheduled to visit Washington during the week of January 6–10 and was expected to deliver an appeal for assistance from Pinochet. (Ibid., Box 3, CIA–Communications 16)

politician who speaks good English. Several names are under consideration. A man by the name of Filippi is well up on the list.

d. Chileans do understand the current difficulties of both the U.S. Government and the Agency and realize that they must help us to help them.

e. *They have released many prisoners including former Ambassador to the U.S. Letettier but cannot release Socialist Clodomiro Almeyda yet.* He was Allende's Vice President, and they fear that if they release him he will go to Mexico and set up a Chilean Government in Exile that, given the present mood of the UN, could easily obtain wide recognition. After Allende's and Almeyda's term runs out in 1976 they could do it then.

f. *Chileans are still very concerned by Peruvian intentions* and say Peruvians now have 137 tanks in Southern Peru but not nearly enough tank crews. There are, however, both Soviet and Cuban technicians there.

g. Private relations with President Peron and Argentines are excellent and the two Services are exchanging information on terrorists.

h. *If there are any subjects other than those covered in the memorandum that you would like to take up with President Pinochet, he would appreciate any information you would care to transmit prior to your visit to Chile.*

3. I told Contreras that in order to make it possible for us to help the Chilean Government they must help us to help them by steps in the field of human rights and now that they have dismantled armed subversion (as he told me) these should be easier. He understood and accepted this. He went away quite happy after reiterating President Pinochet's invitation to me to visit Chile when I could. I promised Contreras to transmit President Pinochet's memorandum to you.

Vernon A. Walters
Lieutenant General, USA
Deputy Director

Attachment as stated.

Memorandum from President delivered to Lt. General Vernon A. Walters by Colonel Juan Contreras

A. Economic

1. *We need help from the U.S. to renegotiate the Chilean external debt with the European Nations.*

2. *Request EXIMBANK to be more forthcoming with credits for Chile, for the copper, phosphate and steel industries.*

3. *Use influence for favorable U.S. votes for Chile in the International Economic Organizations (IBD, IMF, World Bank, etc.).*

4. *Obtain that AID assist the Chilean Government.*

B. Military

1. That the U.S. assist us in some form to purchase weapons (defensive) for the purpose of avoiding an armed conflict with Peru.

- 250 tanks*
- tank ammunition*
- anti-tank missiles*
- electronic surveillance of frontiers, air, sea and land*
- logistic support for equipment delivered*
- aircraft*
- ships (submarines, mortar torpedo launchers, and landing craft)*

2. Obtain a statement or pronouncement from the U.S. in the sense that if Peru attacks Chile using the Russian equipment they have that the U.S. will oppose this.

3. Obtain the support of the U.S. against a possible accusation against Chile if attacking Peru in the UN Security Council. This American veto would have to be previous to a veto by China on the same subject.

4. For the purchase of arms, if this is necessary, authorize the formation of a company in the state of Delaware that could make it possible to acquire and ship arms.

Santiago 3 January 1975

182. Memorandum From the Assistant Secretary of State for Inter-American Affairs (Rogers) to Secretary of State Kissinger¹

Washington, February 8, 1975.

Démarches in Chile on Human Rights

You inquired (TAB A) about Ambassador Popper's meeting with Foreign Minister Carvajal of December 13 and his meeting with Interior Minister Benavides of February 3.

1. December 13, 1974 Meeting: Ambassador Popper took advantage of a meeting called to review the Ayacucho conference to brief the Foreign Minister on developments in Congress regarding the FAA. Carvajal raised the question of what kinds of "fundamental improvements" in observance of human rights would be required to support the Presidential waiver provided in the original House version of the bill. Ambassador Popper mentioned that Congressional critics might be impressed and progress be possible if the GOC were to move towards restoration of normality regarding the applicability of traditional Chilean legal requirements and the state of siege, restoration of habeas corpus, a role for civil court review of military sentences and convincing assurances regarding alleged practice of torture (TAB B).

2. February 3, 1975 Meeting: In a conversation on another matter January 30, Interior Minister Benavides asked Ambassador Popper to meet with him on civil rights matters. We suggested several points that might be made (TAB C). Ambassador Popper's conversation concentrated on the GOC's detainee release program, but Popper also raised with Benavides the significance to foreign observers of proce-

¹ Summary: Rogers briefed Kissinger on Popper's démarches to Foreign Minister Carvajal and Interior Minister Benavides, in which the Ambassador had stated that legal reform and improved human rights practices would help to improve Chile's international image and to placate the Chilean Government's critics.

Source: National Archives, RG 59, Central Foreign Policy File, P830132-0278. Confidential. Drafted by Hechtman and Gantz. Tabs A-D are attached but not published. In Tab A, a February 6 memorandum to Kissinger, Rogers listed the 10 démarches Popper made to Chilean officials on human rights from April 1974 to February 1975; next to the entries for December 13, 1974, and February 3, 1975, Kissinger wrote, "What was this about?" Tab B is telegram 7578 from Santiago, December 13, 1974. In Tab C, telegram 23898 to Santiago, February 1, the Department instructed Popper to communicate to Benavides that legal reform, improved human rights practices, and a Chilean invitation for an IAHRC visit were important for Chile to restore its international credibility. In Tab D, Telegram 789 from Santiago, February 4, Popper relayed to the Department that Benavides thought that Chilean efforts towards legal reform and curbing human rights abuses were adequate. Popper concluded that future dialogue on the human rights problem should not be conducted with Benavides.

dural safeguards and use of normal legal processes, such as restoring the rule of law, habeas corpus, proper trials and appeals. He also noted that the release of a few well known prisoners, while important and welcome, was probably not sufficient to restore the GOC's image unless accompanied by substantial progress in these other areas. Ambassador Popper's report of the meeting is at TAB D.

Attachments:

TAB A-Briefing Memo Feb. 6

TAB B-Santiago 7578 Dec. 13

TAB C-State 023898

TAB D-Santiago 00789

183. Memorandum From the Chief of the Latin America Division of the Central Intelligence Agency (Phillips) to Director of Central Intelligence Colby¹

Washington, February 21, 1975.

SUBJECT

Efforts to Assure Greater Concern for Human Rights in Chile

1. On 18 February 1975 President Pinochet for the first time acknowledged publicly that individuals had exceeded their authority and mistreated prisoners and that many had been punished and some had been removed from their positions. At the same time, he announced the establishment of medical commissions to assure the good health of prisoners. The day before, he reiterated that his regime had waved the power of

¹ Summary: Phillips reported that U.S. officials had persuaded the Chilean Government to take steps to curb human rights abuses and to liberalize its policy toward the media.

Source: Central Intelligence Agency, Office of the Director of Central Intelligence, Job 80M01542R: Executive Registry Subject Files, Box 2, C-7: Chile. Secret. [*drafting information not declassified*]. Sent through the DDO. A copy of the memorandum was sent to Walters. In a January 4 memorandum to Walters, [*name not declassified*] asserted that the U.S. Congressional cutoff of assistance to Chile was not having a significant impact on Chilean policy. (Ibid.) In telegram 1118 from Santiago, February 20, the Embassy reported on Pinochet's February 18 announcement, and observed that while there had been improvement in the area of human rights, until progress was made "on other fronts (due process, modifying state of siege), Chile will continue to have both a problem and a poor world image." (National Archives, RG 59, Central Foreign Policy File, D750061-0357)

prior censorship and announced that the new Chilean constitution would contain provisions concerning freedom of the press.

2. These statements represent the culmination of [*less than 1 line not declassified*] efforts, begun in October 1974, to improve the Chilean government's policies on human rights [*less than 1 line not declassified*] In mid-October [*less than 1 line not declassified*] approached President Pinochet and key members of the junta to persuade them to modify existing press policies. On 31 October General Pinochet publicly renounced prior censorship of the press and eased restrictions on foreign newsmen expelled from Chile.

3. In December, [*less than 1 line not declassified*] convinced Air Force General Leigh and other senior members of the junta that the government must improve its performance on human rights in order to obtain loans and military aid from the U.S. and European countries. [*less than 1 line not declassified*] urged President Pinochet publicly to ban all forms of torture, to recognize habeas corpus, and promptly to notify the interested parties in cases of arrest. The government subsequently instructed all security services to notify appropriate embassies when foreigners were arrested. Pinochet issued orders to all unit commanders to guard against all forms of prisoner abuse.

4. In January, further representations were made to President Pinochet that he admit publicly misdeeds by army personnel and [*less than 1 line not declassified*] presented documented cases of torture and mistreatment of prisoners directly to Pinochet. [*less than 1 line not declassified*] that inspired Pinochet's public announcements on 18 February. In addition, the influence of [*less than 1 line not declassified*] has resulted in a general reduction of sentences for numerous detainees and in increased government efforts to persuade other countries to accept Chilean political exiles.

David A. Phillips
Chief
Latin America Division

184. Action Memorandum From the Assistant Secretary of State for Inter-American Affairs (Rogers), the Director of the Bureau of Politico-Military Affairs (Vest), and the Assistant Secretary of State for Congressional Relations (McCloskey) to Secretary of State Kissinger¹

Washington, March 4, 1975.

U.S. Military Sales to Chile

The Problem

Section 25 of the Foreign Assistance Act of 1974 denies the use of funds for military assistance to Chile in FY 1975. It also defines military assistance to include “sales, credits and guaranties,” thus raising the question of whether FMS cash sales may be made. The legislative history of this provision suggests that cash sales are not prohibited, so long as no U.S. funds are involved. Nevertheless, congressional opponents of U.S. cooperation with the present Government of Chile (including Senator Kennedy, the sponsor of Section 25) may take the position that this section was intended to cut off cash sales as well as other forms of military assistance. The Legal Adviser has construed the statute as permitting cash sales (Tab A), but has counseled in the strongest terms that no action be taken on the basis of this construction without prior congressional consultation.

The GOC has requested us to supply, on an FMS cash sales basis, spare parts difficult or impossible otherwise to obtain. A variety of options are available. We can go ahead with cash sales or decline to make sales. If it is decided to make cash sales, we can consult with the Congress before making such sales, afterwards, or not at all. There are problems and risks in each of the available choices.

¹ Summary: Rogers, Vest, and McCloskey outlined options for Kissinger for FMS sales to Chile in light of Congress’s prohibition on military assistance.

Source: National Archives, RG 59, Central Foreign Policy File, P830133–2615. Secret; Exdis. Drafted by Karkashian and Michel on March 3. Sent through Maw. Gantz, Richardson, and Stern concurred. A notation at the top of the memorandum indicates that Kissinger “approved 1st recommendation” in telegram Secto 77, March 7. On the first page of the memorandum, the phrase, “as permitting cash sales,” is underlined, and a notation in the margin reads, “DOD does not concur, see Tab A supp[lement].” A notation next to the first recommendation reads, “with respect to new items, consult Congress.” The two tabs are not published. Tab A is a March 4 memorandum from Leigh to Maw providing a legal opinion on the President’s authority to sell defense articles and services to Chile. Tab B is a January 3 memorandum from Foreman to Fish transmitting an undated list of pending FMS actions. Telegram 42/Secto 77 from Aswan, March 7, containing Kissinger’s approval and his instruction that Congress be consulted regarding new items, is *ibid.*, P850014–1285. In a March 8 memorandum, Springsteen informed Rogers, Vest, and McCloskey of Kissinger’s decision. (*Ibid.*, P830113–1174)

Background/Discussion

Section 25 of the FAA states:

"Notwithstanding any other provision of law, the total amount of assistance for Chile under the Foreign Assistance Act of 1961, and the Foreign Military Sales Act during Fiscal Year 1975, may not exceed dollars 25,000,000, none of which may be made available for the purpose of providing military assistance (including security supporting assistance, sales, credit sales, or guarantees, or the furnishing by any means of excess defense articles or items from stockpiles of the Department of Defense)."

It is not clear whether the foregoing language is meant to be a prohibition on the use of *funds* for military "assistance" (defined so as to include cash sales), or a substantive prohibition on such "assistance" altogether. Under the latter interpretation, no new contracts could be signed and contracts already entered into in FY 1975 will have to be canceled or implemented but without assurance of delivery, i.e. contractual arrangements already negotiated would be continued to retain production priority standing and cost quotations, but no deliveries would be made prior to the lifting of the Congressional restriction. (A list of pending FMS sales actions is attached at Tab B.)

The Chileans are particularly concerned by two amendments signed in FY 1975 to contracts which were signed in FY 1974. These are amendments, signed on November 16 and December 23, to the FMS sales contract for 18 F-5E aircraft purchased on May 15, 1974. The first amendment would change three of the eighteen aircraft from the fighter to the trainer model; the second would add on the sale of the Sidewinder missile, the aircraft's principal armament. The Chileans assumed that standard weaponry for the aircraft they had purchased would be made available. It was not included in the original contract; hence the amendment of December 23. The Chileans are also greatly concerned by a sales contract signed October 24, 1974, for the sale of spare parts required to keep operational a number of naval vessels purchased from the U.S., including two surplus destroyers transferred on January 8, 1974.

The Chileans contend that it makes no sense to deny essential items without which equipment already purchased is of little or no use. They argue that these post-July 1 amendments are not contracts for new items but add-ons to the original contracts, and that in any case the FAA should correctly be interpreted to permit FMS cash purchases. They do not understand what they regard as an unnecessary reluctance on our part to interpret and implement the legislation in a manner as favorable as possible to Chile's needs.

As you will recall, we had proposed delivering to Chile a minimal defense package of M-48 tanks, APC's and the TOW anti-tank system.

The FAA amendment ruled out that package, adding to Chilean frustration and fear of growing Peruvian military superiority. (The evidence of serious internal conflict in Peru may reduce this latter pressure somewhat.) There is likely to be a substantial impact on our relations with the Junta if we are perceived to be less than forthcoming on these critical add-ons and spares.

In light of the ambiguity of the statute, and the apparent strong hostility on the part of some members of Congress to U.S. military cooperation with the present Government of Chile, a policy decision is required. Although cash sales are possible as a matter of law, as explained in the Legal Adviser's opinion at Tab A, proceeding with such sales in the absence of a fundamental change of GOC policy and practice with regard to human rights could provoke Congressional charges that the intent of Congress had been circumvented. This, in turn, could increase the likelihood of continued, and perhaps even more stringent, legislative restrictions with respect to Chile.

If we were to defer action on further cash sales until after June 30, section 25 will expire (except for further obligations of U.S. funds under a continuing resolution) and the risk of Congressional antagonism to cash sales would be diminished accordingly.

The Options

1. Without prior Congressional sanction or consultation, proceed with the following FMS procedures:

a. Cash sale and delivery of add-ons to existing contracts (i.e. Sidewinder missile and change of three aircraft from fighter to trainer model).

b. Cash sale and delivery of naval spare parts contracted prior to enactment of Section 25 of the FAA.

c. Implementation short of delivery of all other FMS cash sales contracted prior to enactment of Section 25 of the FAA, in order to allow the GOC to continue applicable payment procedures, retain production line priorities and existing quotations, until the congressional restriction is lifted.

Pros:

—Would confirm to GOC our commitment to be supportive.

—Would enhance Chile's defensive capability and thus contribute to regional peace and stability.

—Would reduce GOC temptation to make costly, desperation purchases from other sources.

Cons:

- Could arouse strong congressional disagreement with our interpretation and application of the law, which could adversely affect future assistance to Chile and other Administration programs.

- Could reduce pressure on GOC to enact human rights reforms.

- Could encourage the Chileans to request additional FMS cash sales.

2. Without prior congressional sanction, but rapidly informing key Congressmen of our action, proceed with the following FMS procedures:

- a. Cash sale and delivery of add-ons to existing contracts (i.e. Side-winder missile and change of three aircraft from fighter to trainer model).

- b. Cash sale and delivery of naval spare parts contracted prior to enactment of Section 25 of the FAA.

- c. Implementation short of delivery of all other FMS cash sales contracted prior to enactment of Section 25 of the FAA, in order to allow the GOC to continue applicable payment procedures, retain production line priorities and existing quotations, until the congressional restriction is lifted.

Pros:

- Would confirm to GOC our commitment to be supportive.

- Assuming Congress did not call a halt, would enhance Chile's defensive capability and thus contribute to regional peace and stability.

- Assuming Congress did not call a halt, would reduce GOC temptation to make costly, desperation purchases from other sources.

Cons:

- Would arouse strong congressional disagreement which could adversely affect future assistance to Chile and other Administration programs.

- Could reduce pressure on GOC to enact human rights reforms.

- Assuming Congress did not call a halt, could make it more difficult to resist Chilean requests for additional FMS cash sales.

3. Take no action to implement particular sales without prior consultation with key congressional leaders. Seek to confirm political acceptability of our interpretation, and cite progress already made on human rights and need to offer incentive to Chileans for additional and fundamental changes.

Pros:

- Would be helpful in assuring GOC that we still wish to be supportive.

- Would reduce risk of adverse congressional reaction.

Cons:

—Could result in congressional rejection of this interpretation, thereby effectively blocking further military sales during fiscal year.

—Would continue to keep GOC dangling on issue of vital importance to it.

4. Put aside issue of whether pending FMS cash sales remain permissible. Make no deliveries on any pending FMS contracts. However, allow GOC, if it chooses, to continue applicable payment procedures to retain production line priorities and existing cost quotations but make no deliveries until congressional restriction is lifted. Carry out above without congressional consultation.

Pros:

—Would indicate some flexibility on our part on Chile's behalf.

—Would at least assure present production line priorities and costs if and when restriction is lifted.

—Reduce risk of adverse congressional reaction.

Cons:

—Would still not give Chile anything now.

—Could be misleading and even more damaging to bilateral relations than outright cancellation if GOC continues to make payments on contracts and restriction is not lifted.

5. Treat legislative restrictions as if they were applicable to FMS cash sales. Offer GOC option to cancel or continue implementation of post-July 1 FMS cash sales cases with understanding that delivery cannot be made prior to lifting of restriction. Couple this action with strong *démarche* on human rights.

Pros:

—Would be best received by Congress and Chile critics.

—Would put maximum pressure on GOC to enact basic human rights reforms.

Cons:

—Would do damage to our current and longer range bilateral relations by demonstrating an apparent indifference to Chile's perception of its vital national interests.

—Would increase GOC's sense of isolation, and might strengthen hardline elements who argue for a go-it-alone policy.

—Would increase likelihood of costly, desperation buys of equipment wherever possible with adverse effects on acute balance of payments problem.

6. Take no action on the FMS cash sales issue at this time. If progress on human rights reforms continues and major changes are effected we can revert to more permissive options.

Pros:

- Would avoid adverse congressional reaction.
- Could provide incentive to the GOC to make basic human rights reforms.

Cons:

- Would tend to confirm GOC fears that USG is indifferent to its fate.
- Would continue to keep GOC dangling on this crucial issue and could risk hardening of its position on human rights.
- Would continue risk of costly, desperation military purchases from other sources with concurrent repercussions on balance of payments.

Probable Other Agency Views:

DOD has been looking to State for policy guidance on how to handle FMS cash sales cases.

Recommendations:

That you approve, without prior congressional sanction or consultation: a) sale and delivery of add-ons to existing contracts; b) sale and delivery of naval spare parts contracted prior to enactment of Section 25, FAA; and c) implementation short of delivery on all other FMS cash sales contracted prior to enactment of Section 25, FAA (Option 1). Supported by ARA. L does not concur in this recommendation.

ALTERNATIVELY, that you approve, without prior congressional sanction, but rapidly informing key Congressmen: a) sale and delivery of add-ons to existing contracts; b) sale and delivery of naval spare parts contracted prior to enactment of Section 25, FAA; and c) implementation short of delivery on all other FMS cash sales contracted prior to enactment of Section 25, FAA (Option 2). Supported by PM.

ALTERNATIVELY, that you approve consultations with key congressional leaders in order to confirm acceptability of cash sales limited to spare parts and add-ons (Option 3). Supported by L and H.

L and H believe that any decision to permit cash sales to Chile which is not first found to be acceptable to the Congress would be exceptionally inadvisable in light of the text of the statute, strong congressional interest in Chile, and the apparent intent of many members of the Congress to prohibit all military sales to that country. These factors would make a policy of reliance on a permissive interpretation of the law exceedingly difficult to defend in the absence of congressional acquiescence and would risk more restrictive legislation. Accordingly, both L and H strongly recommend prior congressional consultations in order to determine whether, in fact, such an interpretation would be politically acceptable.

ALTERNATIVELY, that we put aside issue of whether pending FMS cash sales remain permissible and allow GOC if it chooses, to continue applicable payment procedures on the clear understanding that no deliveries can be made until the congressional restriction is lifted (Option 4).

ALTERNATIVELY, that we decline to consider further FMS cash sales to Chile and so inform the GOC, coupled with a strong démarche on human rights (Option 5).

ALTERNATIVELY, that we take no action until there is clear and public evidence of major human rights reforms following which we can pursue Options 1, 2 or 3 (Option 6).

Attachments:

Tab A—Legal Adviser’s Opinion.

Tab B—List of pending FMS sales actions.

185. Memorandum From Ambassador Popper to the Assistant Secretary of State for Inter-American Affairs (Rogers)¹

Santiago, March 11, 1975.

SUBJECT

Special Briefing Points

I apologize for the length of the enclosed papers, but believe if you have time to read them, they will be of some assistance to you.

Let me mention particularly a few outstanding features.

¹ Summary: Popper provided Rogers with a briefing on outstanding issues with Chile upon his arrival in Santiago for meetings with Chilean officials.

Source: National Archives, RG 59, ARA Files, Assistant Secretary Files, Subject and Country Files: Lot 78D261, Chile, Secretary Kissinger’s Visit, April 1975. Secret. Rogers was in Chile from March 11 to March 12. (Telegram 1434 from Santiago, March 7; *ibid.*, Central Foreign Policy File, D750081–0002) The papers enclosed with this memorandum have not been found. In telegram 2023 from Lima, March 12, Rogers reported on his meeting with Pinochet, in which Kissinger’s planned visit to Chile was discussed. Pinochet urged that Kissinger be made familiar with Chile’s economic problems, and he referred to his Government’s interest in arms purchases in response to Peru’s military build-up. (*Ibid.*, D750087–0183) Kissinger’s projected visit to Chile was subsequently postponed; he did not travel to Santiago until June 1976. During an April 2 staff meeting, Kissinger indicated that he wanted Chilean debt rescheduled at a meeting of the Paris Club so that the IBRD would find Chile creditworthy, thus allowing the possibility of loans. (*Ibid.*, Transcripts of Kissinger Staff Meetings, Lot 78D443, Box 6, Secretary’s Principals’ and Regionals’ Staff Meetings)

1. The Chileans' interest in Hemisphere problems is secondary to their interest in bilateral US-Chilean problems. Your visit will help them to make up their minds about inter-American issues. As to internal Chilean matters, you will find that the situation has changed only very slightly in recent months.

2. The Chileans want three things from us: first, a resumption of the arms shipment process; second, continuing and expanded economic assistance, particularly through the Paris Club and the international financial institutions at this time; third, a greater understanding of the relationship between their internal security problem as they see it and the controversy over human rights.

3. With respect to human rights, it will be worth while to reiterate that a policy of releasing political detainees into exile is not in itself a solution to the problem. Much more is needed. At this moment, the Chileans face a real setback, if they should decide not to admit the UN Human Rights Commission study group. I hope you will mention the consequences of a refusal to do so.

4. As to the Secretary's trip, the Chileans will do everything possible to be helpful. There will be no substantive or security problems. We will need a reading from you as to the possibility of putting up the Secretary in a private residence which has been offered to us, or in the Embassy residence: there are fairly serious drawbacks in using either of the two best hotels.

5. Pursuant to your instruction, we have deferred action on the PDC request that you, and Secretary Kissinger, arrange to meet with President Frei individually. We will need an early decision on this matter.

186. Telegram 1947 From the Embassy in Chile to the Department of State¹

Santiago, April 2, 1975, 1612Z.

1947. Subject: Growth of Anti-US Sentiment in Chile. For Assistant Secretary Rogers From Ambassador. Ref: State 282507, Dec 27, 1974.

1. I have kept in mind your interest in being fully informed of the effects in Chile of the congressional arms ban (reftel). In our messages immediately following passage of the Foreign Assistance Act of 1974 we pointed out that the ban was only one of several factors impinging upon Chilean opinion, and that it would be difficult to isolate the effect of this particular action, but that we would do our best to advise you of changes in Chilean attitudes as they occurred.

2. In the succeeding three months we have been impressed with the mature and restrained reaction to the arms ban, and to FAA limitations on economic assistance, on the part of the Chileans, including military officers of higher rank in and out of government. In general Chileans have couched their comments to us in terms of sorrow rather than anger, with an unusual understanding of the way in which the Congressional majority has prevented the executive branch from moving forward with what Chileans had regarded as commitments to improve their military matériel base vis-à-vis Peru. Whatever bitterness they have felt they have kept largely to themselves.

3. I sense the beginning of a change in the Chileans' forebearance. The change is coming about less because of the arms ban than because of the intensely dramatic impact, among the Chileans, of the difficulties which have enveloped US foreign policy on so many fronts in recent weeks. Lacking a sense of history, a good many Chileans are prone to sell the US short; to conclude that we are either less capable or less dependable than they had thought; and to draw the conclusion that our deficiencies are at least in part the result of our softness toward communism. Without being at all clear on what alternatives they have, these voices suggest that perhaps Chile should increasingly look elsewhere for support. And there is an anti-American edge to their comments.

¹ Summary: Ambassador Popper reported that the Chilean reaction to the U.S. Government's ban on military assistance had initially been restrained but that resentment and anti-U.S. sentiment seemed to be growing within the Chilean Government.

Source: National Archives, RG 59, Central Foreign Policy File, D750114–0750. Confidential; Exdis. In telegram 282507 to Santiago, December 27, 1974, the Department instructed the Embassy to "reflect on the effect in Chile of the congressional arms ban." (Ibid., D740376–0267) USDAO Brasília Message No. 146 and DATT-IR0076 have not been found.

4. I commend to you two rather striking messages in this regard. The first, describing the remarks of Chilean officers in Brazil, is contained in USDAO Brasilia message no. 146 of March 1975 (IR 6-809-0082-75, 311400Z March 75). This message was sent to DIA and not to State, but I am sure your staff can get it. The second message is one from our own DAO (DATT-IR0076 April 75) and makes very much the same sort of point, in more detail. It has been repeated to State.

5. I do not want to exaggerate. There has been no appreciable change in the position of the Government, and no Government spokesman has reacted to any Embassy personnel in the terms used in these messages. But because this is almost totally a military government, the thoughts expressed by the Chilean military on the professional level are bound to percolate upward, and the effects are likely soon to become apparent.

6. To come back to the arms ban, I would point out that the series of rebuffs the Chileans think they have received from US gives a powerful impetus to such anti-US sentiments. The Chileans are smarting from what they regard as the double standard applied to them by critics abroad who condone much more comprehensive human rights violations in communist States. One element to be weighed in deciding how far the USG should go in applying military and economic pressures against Chile on human rights grounds is the possibility that the Chilean reaction may weaken the position of moderate and reasonable men in this country. To the extent that this happens, our leverage in seeking improved human rights practices through persuasion will be reduced. I am not suggesting that we change our present stance on these matters, but simply pointing out what the consequences might be, in the developing atmosphere.

Popper

187. Telegram 2055 From the Embassy in Chile to the Department of State¹

Santiago, April 7, 1975, 0010Z.

2055. Subject: Chile—Prospective Modifications in Human Rights Practices For Assistant Secretary Rogers from Popper.

1. Summary. After meeting with junta, Min Econcoord Raul Saez informs us he expects GOC to announce within a week series of measures which if effective would result in some improvement of Chilean Govt human rights practices. Saez is pushing for additional measures. Believes failure to include Chile in Secretary's Latin American itinerary would set back his efforts, unless entire trip were called off. End summary.

2. As you know, I have been talking discreetly for the last week or so with FonMin Carvajal and Raul Saez, to see what might be done in the human rights area to make it easier for the Secretary to include Chile in his trip. While full of good will, Carvajal has so far been unproductive. Saez however, is desperately seeking progress in the human rights area in order to salvage Chile's tottering foreign credit standing. He succeeded in arranging a meeting evening April between the four members of the junta and its economic team (Saez, Minister of Economy Fernando Leniz, Minister of Finance Jorge Cauas) and filled me in on results April 6.

3. Saez says he put the case for an improvement in human rights practices very strongly, having in mind your private talk with him when you were here, and mine thereafter. Pinochet reacted explosively, but subsequently calmed down, and by end of meeting agreement had been reached on following points.

4. First, a decree law modifying the constitution is to be issued—Saez believes, by April 8—which will provide that notwithstanding

¹ Summary: Minister of Economic Coordination Saez informed Popper that the Chilean Government planned to announce a series of measures that would result in an improvement of Chile's human rights practices.

Source: Ford Library, National Security Adviser, Presidential Country Files for Latin America, Box 3, Chile, State Department Telegrams, SECSTATE–NODIS. Secret; Immediate; Nodis. On April 10, Popper reported that Saez had informed him that the inclusion of more civilians in Pinochet's Cabinet would help bring about improvements in the human rights area. (Telegram 2160 from Santiago, April 10; *ibid.*) The Decree Law on National Security, April 30, decreed that detainees would either be charged or released within five days, and that notification of family members would take place within two days. However, the Embassy reported that the measure represented "little substantive change from legal situation concerning national emergency and status of detainees which has existed since Sept 1973 coup." (Telegram 3084 from Santiago, May 2; National Archives, RG 59, Central Foreign Policy File, D750155–0617) Although the Minister of Justice assured U.S. officials that the law would change the Chilean Government's detention practices, the ICRC reported that no such change occurred. (Telegram 4454 from Santiago, June 23; *ibid.*, D750218–0556)

the existence of any declared State of Emergency, any person detained by police or security forces must have his case presented to the appropriate tribunal within five days of arrest. Choice of tribunal (whether military or civil) will depend on provisions of Chilean law with respect to alleged offense. In effect, decree would restore concept of amparo (habeas corpus), making legally impossible the prolonged secret detention of internal security detainees which is now common.

5. Second measure will be publication of a new anti-terrorism law which will modernize inadequate and outdated Chilean legislation in this area and thus serve to clarify proper role of internal security authorities and courts in this field. New law, which junta has been promising for weeks to produce, exists in draft. It will stand until superseded by a new-code of National Security.

6. Third step, to be taken partly to help in dealing with current dispute in Germany over economic assistance to Chile, is a clarification of what GOC will do to release internal security detainees now in custody. Saez says he may himself be able to announce in few days that Chile will release all 1,107 detainees currently held without charge under state of siege provisions, as soon as countries can be found to receive them. (Up to now, Chileans have been insisting first increment of one hundred must be fully placed before others can be processed.) Saez also expects a more definite commitment from Government that internal security detainees being tried or already sentenced, numbering three to four thousand in all, will eventually be permitted to go into exile.

7. Fourth measure will be a formal request from Pinochet to commission [garble] of jurists junta early on appointed, for a progress report on new constitution it is drafting. So far, commission has been moving at a snail's pace, purpose would be to energize it, and I presume to stimulate discussion re the kind of new democratic system the projected constitution is to embody.

8. Fifth, Pinochet will announce that a new system of voter registration and identification is to be worked out to avoid repetition of the electoral fraud which allegedly inflated the Allende regime's pluralities. No commitment as to when or how an election or plebiscite would be held, but the implication would be clear.

9. Sixth, Pinochet will continue to demand that the UN Human Rights Commission seek to send study commissions to the USSR and Cuba, but will admit the Chile study group regardless of the response.

10. On one point, Saez failed to get the junta's agreement. He tried hard to arrange for the appointment of civilian sectors to replace the military men heading up Chile's two leading universities: the University of Chile and Catholic University in Santiago. He will revert to this matter. Further, at a meeting with the junta scheduled for April 8, he

intends to press for increasing civilian participation in the cabinet. Specifically, he wants the ministers of public works, housing, mines, and justice (i.e., one held by each of the armed forces and one carabiniere) to be headed by civilians. The military occupants of the first three posts, he points out, have no conception of how to use properly the substantial public funds they control.

11. I complimented Saez for his political courage and told him I thought that if his program were actually carried out, it might mark something of a turning point in the human rights situation here. The root of the problem seemed to me to be the absolute power of DINA (National Intelligence Agency) to do whatever it desired in detaining and handling suspects. The most difficult problems we had in our Embassy had to do with allegations of torture. Could not something be done to make it clear that the government opposed maltreatment? If as we had heard, officers and men had been punished for torture, could not the government publish the facts?

12. Saez said he had remonstrated with Pinochet about DINA, so far without much success. He was also pushing for the return to Chile of Renan Fuentealba, a Christian Democratic leader summarily expelled from Chile some months ago on very flimsy grounds. He believed he had heard that over two hundred persons had been punished for mistreating detainees. Some had received long prison terms. I said this was an astonishing figure, but I urged that if his information were correct, it be published at once. Saez said he thought it might already have been used, in a television program in Germany last week.

13. Comment. Saez made it plain that he has been having hard sledding. He complained of what he termed fascist advisers to the junta. He believes, nonetheless, that the six decisions listed above will become matters of public knowledge within one week. I am not so sanguine, given the government's propensity to wobble on matters of central significance to it. But if Saez keeps pushing, as he will, I am inclined to believe that the financial squeeze may eventually be effective in bringing the junta around. These measures will not in themselves dismantle the junta's internal security system. But they could start a trend toward confining that system somewhat more closely to actions actually necessary to prevent subversion.

14. Finally, Saez said he hoped the Secretary would not omit Chile from his South American itinerary. Failure to come here would set back efforts to liberalize the situation, this would not be the case if the entire trip were cancelled, but it would be if the Secretary visited other South American countries.

Popper

188. Memorandum of Conversation¹

Washington, May 9, 1975, 8 a.m.

SUBJECT

The Secretary's Breakfast Conversation with Foreign Minister Carvajal of Chile of May 8th, 1975

PARTICIPANTS

Chile

Foreign Minister Patricio Carvajal
Ambassador Manuel Trucco
Ambassador Enrique Bernstein
(Foreign Ministry Political
Advisor)

U.S.

The Secretary
Assistant Secretary William D.
Rogers
Deputy Assistant Secretary
Hewson A. Ryan (Notetaker)

[Omitted here is discussion of reform of the Inter-American system; the U.S. Trade Bill; a possible Kissinger trip to Latin America; Cuba; an Uruguayan initiative on commodities and energy; and the Panama Canal treaties.]

Amb. Trucco: We are also faced with the problem of the Human Rights Commission report. It is not really a report, but rather a document prepared for us and then given to the United Nations at Geneva. This is an item on the agenda. Some countries have come to us saying they do not want a discussion but indicate a statement from Chile stating that the U.N. Commission is coming and that any discussion now would prejudice the U.N. investigation.

The Secretary: What do you want?

Amb. Trucco: We are prepared to discuss the case if it is a serious approach and not a propagandistic approach. We have made much progress in recent months.

The Secretary: I hold the strong view that human rights are not appropriate for discussion in a foreign policy context. I am alone in this. It is not shared by my colleagues in the Department of State or on the Hill. We are interested in foreign policy, but there are strong pressures which must be taken into account. Chilean foreign policy

¹ Summary: During a breakfast meeting, Kissinger, Rogers, Carvajal, and Trucco discussed human rights violations in Chile and the junta's efforts to obtain weapons from the United States and other countries.

Source: National Archives, RG 59, Central Foreign Policy File, P820125-0227. Secret; Nodis. The meeting took place in the James Madison Dining Room in the Department. Drafted by Ryan; cleared by Rogers; approved by Gompert on May 13. A memorandum of Kissinger's conversation with Ford at 9:30 a.m. on May 9 does not indicate any discussion of military sales to Chile. (Ford Library, National Security Adviser, Memoranda of Conversation, Box 11, May 9, 1975)

supports the United States. Your government is much better for U.S. interests than its predecessor. However, it is in our mutual interest for us to avoid embarrassment. We will not do anything to embarrass your government but we cannot go through this General Assembly without some mention of human rights. We will give strong support to keep it in the lowest key possible. We will not harass you. We think you have made progress in human rights.

It would be helpful, however, if before my arrival something more could be done, but that is your sovereign decision to make. We will have to make some statement on human rights in this session, but we will show it to you and listen to your views in advance.

Mr. Minister: This matter could lead to a very long session, perhaps of several days length. Some countries prefer to say in the conversations that "We will send the matter to the U.N., so let us not take it up here."

The Secretary: We have no reason to oppose this. That would probably be best. Will it be acceptable?

Mr. Rogers: We could perhaps arrange a very short discussion with a mention of the U.N. human rights group.

Amb. Trucco: We have indications that Mexico will make a sharp speech. That would produce a reply.

The Secretary: You mean you will reply?

Amb. Trucco: Yes.

The Secretary: We will not be the first to speak.

Mr. Minister: We prefer to send this matter to the U.N.

The Secretary: Wouldn't you have problems when you take it to the U.N.?

Amb. Trucco: It is already there.

The Secretary: Who is on the U.N. group, Uganda?

Amb. Trucco: Pakistan, Ecuador, Senegal, Austria and Sierra Leone.

The Secretary: Pakistan? There is a great defender of human rights.

Mr. Rogers: It's really a fairly good group.

The Secretary: We will not use the human rights issue to harass Chile. We will show you what we plan to say.

Amb. Trucco: If it could be transferred to the conversations, it may be better.

Mr. Rogers: We will have a statement in reserve and will show it to you.

The Secretary: I will not initiate it in the conversation. If it comes up in the general debate, we will have a short statement. We intend to help you avoid ostracism. I think that Chile's record on human rights is improving. Our particular intention is to be as helpful as

possible to the Government of Chile as we can. We cannot always do this in view of the current Congressional climate.

Mr. Minister: Thank you.

The Secretary: What other problems?

Mr. Minister: Weapons, particularly defense weapons, are a great need.

The Secretary: Didn't we work out an agreement for sales through a commercial channel?

Mr. Rogers: The guidance systems for the TOWs are manufactured only in arsenals.

The Secretary: Couldn't they buy some third country's, like Iran?

Mr. Rogers: No.

The Secretary: Who thought that arrangement up? How did we get involved in this retroactive business?

Mr. Rogers: Congress. But hopefully it will expire on June 30. We have to persuade Congress that if there is a continuing resolution that part of the law will not be included. We are going to do our best.

The Secretary: I am in complete disagreement with the lawyers and I will take it up with the President. I will call Schlesinger today. What are the items—TOWs?

Mr. Rogers: Yes TOWs, the weapons support on aircraft, are the main problem.

Amb. Trucco: Also spare parts for the Army.

Mr. Rogers: And Navy, too . . .

Amb. Trucco: In the Air Force there is also the case of the engines in England. We can't have the engines on our Hawker Hunters overhauled.

Mr. Minister: If we can be of any help to the United States, we wish to offer our assistance. I remember that the Chief of Naval Intelligence came to Chile and indicated interest in information which we might develop on the activities of Russian submarines and ships in the area. We had on Easter Island some U.S. surveillance equipment which was removed in the time of the previous government. We would be glad to offer our collaboration on Easter Island now, but we don't have the equipment.

The Secretary: We had this program before?

Mr. Minister: Yes, but if you made this offer now, we would be willing to collaborate.

The Secretary: I'll look into the sales problem. I want the paper on this before 9:45 when I go to the President. I'll take it up with him.

What's Kennedy's attitude?

Mr. Rogers: I talked with his staff yesterday and they had not heard of the new developments in human rights. They were pleased.

The Secretary: I'll look into the problem. What's the basis of the disagreement?

Mr. Rogers: Differences between our lawyers and the DoD lawyers.

The Secretary: I'll do my best. I wish to reaffirm my attitude on human rights. Our intention is to avoid economic isolation. If you can help us with our domestic problems, it would be most helpful. I am not making it a formal issue, but it would be helpful if something could be done when I go to Latin America. Since you extended the courteous invitation, I will certainly stop in Chile.

Who's in the chair?

Mr. Rogers: It's a temporary Chairman now and there's some talk of Lievano.

The Secretary: Will there be any order?

Mr. Rogers: No.

The Secretary: Then there will be chaos. Do I have to reply to all of the issues?

Mr. Rogers: No, not all of them are against the United States.

The Secretary: Are we expected to express a view on all of them?

Mr. Rogers: No, in fact on the Uruguayan issue on oil, we probably shouldn't.

The Secretary: Rogers thinks that I shouldn't because it's the one issue I know something about.

Mr. Minister: Thank you again Mr. Secretary for your kindness.

The Secretary: Mr. Rogers will see you to the door downstairs.

189. Memorandum Prepared in the Central Intelligence Agency

Washington, May 12, 1975.

[Source: Central Intelligence Agency, Office of the Director of Central Intelligence, Job 80M01542R: Executive Registry Subject Files, Box 2, C-7: Chile. Secret. 1 page of source text not declassified.]

190. Memorandum From the President's Assistant for National Security Affairs (Kissinger) to President Ford¹

Washington, May 26, 1975.

SUBJECT

U. S. Military Sales to Chile

Section 25 of the Foreign Assistance Act of 1974 denies the use of funds for military assistance to Chile in FY 1975. It also defines military assistance to include "sales, credits and guaranties," thus raising the question of whether FMS cash sales may be made. Congressional opponents of U.S. cooperation with the present Government of Chile (including Senator Kennedy, the sponsor of Section 25) may take the position that this section was intended to cut off cash sales as well as other forms of military assistance. The Department of State has construed the statute as *permitting* cash sales (Tab B). The Department of Defense does not concur in this interpretation (Tab C).

Section 25 of the FAA states:

"Notwithstanding any other provision of law, the total amount of assistance for Chile under the Foreign Assistance Act of 1961, and the Foreign Military Sales Act during Fiscal Year 1975, may not exceed dollars 25,000,000, none of which may be made available for the purpose of providing military assistance (including security supporting assistance, sales, credit sales, or guarantees, or the furnishing by any means of excess defense articles or items from stockpiles of the Department of Defense)."

There is some doubt whether the foregoing language is meant to be a prohibition on the use of *funds* for military "assistance" (defined so as to include cash sales), or a substantive prohibition on such "assistance"

¹ Summary: Kissinger recommended that Ford approve the immediate resumption of limited FMS sales and deliveries to Chile.

Source: Ford Library, National Security Adviser, Presidential Country Files for Latin America, Box 3, Chile 2. Secret. Sent for action. Scowcroft initialed for Kissinger. Ford approved the recommendation. Tabs A-D are not published. Tab A is an unsigned and undated memorandum from Kissinger to Schlesinger and Ingersoll informing them of Ford's decision to resume FMS sales and deliveries. Tab B is a March 4 memorandum from Leigh to Maw giving a legal opinion on the President's authority to sell defense articles and services to Chile. Tab C is a March 24 memorandum from Forman to Fish outlining the legal position of the Department of Defense on military sales to Chile. Tab D is a May 15 letter from 101 Congressmen to Kissinger indicating their understanding that cash military sales to Chile would be unaffected by the legislative restrictions on military assistance. In a May 20 memorandum to Kissinger under which a draft of the May 26 memorandum was transmitted, Granger asserted that the legal positions of both the Department of State and the Department of Defense were supportable and concluded that "political considerations favor the immediate resumption of limited FMS sales and deliveries." (Ibid.)

altogether. Under the latter interpretation (Defense's position) no new contracts could be signed and contracts already entered into in FY 1975 would have to be cancelled or implemented but without assurance of delivery, i.e., contractual arrangements already negotiated would be continued to retain production priority standing and cost quotations, but no deliveries would be made prior to the lifting of the Congressional restriction.

The Chileans are particularly concerned by two amendments signed in FY 1975 to contracts which were signed in FY 1974. These are amendments, signed on November 16 and December 23, to the FMS sales contract for eighteen F-5E aircraft purchased on May 15, 1974. The first amendment would change three of the eighteen aircraft from the fighter to the trainer model; the second would add on the sale of the Sidewinder missile, the aircraft's principal armament. The Chileans assumed that standard weaponry for the aircraft they had purchased would be made available. It was not included in the original contract; hence the amendment of December 23. The Chileans are also greatly concerned by a sales contract signed October 24, 1974, for the sale of spare parts required to keep operational a number of naval vessels purchased from the U.S., including two surplus destroyers transferred on January 8, 1974.

The Chileans contend that it makes no sense to deny essential items without which equipment already purchased is of little or no use. They argue that these post-July 1 amendments are not contracts for new items but add-ons to the original contracts, and that in any case the FAA should correctly be interpreted to permit FMS cash purchases. They do not understand what they regard as an unnecessary reluctance on our part to interpret and implement the legislation in a manner as favorable as possible to Chile's needs.

The legal positions of the two Departments are summarized below:

Department of State: Section 25 of the Foreign Assistance Act of 1974 is an ambiguous provision of law. This ambiguity results from the fact that the statute is a combination of two amendments to the bill. The legislative history reveals that both amendments had their origin in efforts directed at limiting or prohibiting the use of appropriated funds for assistance to Chile in FY 1975. Further, although some inconsistent remarks were made in the Senate debate, the predominant view expressed in the legislative history, and particularly in the highly authoritative conference report, reflecting the intent of representatives of both Houses, is that Section 25 was intended to bar the use of appropriated funds for military assistance and the financing of military sales to Chile. Therefore, on the basis of the statutory language and the intent of Congress disclosed by the legislative history, the Department of State concludes that Section 25 does not constitute a legal bar to the execution or performance of cash sales contracts under the Foreign

Military Sales Act which are not financed by U.S. credits or U.S. guaranteed loans made to the Government of Chile in prior fiscal years.

The Department of State Legal Advisor is of the opinion that unless further legislation is enacted cash sales will clearly be permissible after June 30, 1975, but believes that further legislation is likely.

Department of Defense: On its face, Section 25 (Kennedy Amendment) of the FAA expressly prohibits "sales" as well as credit sales during FY 1975. Further, the text of the Amendment is phrased in terms of a prohibition on assistance rather than the use of funds. Accordingly, there is no question of any ambiguity which might have been raised by a prohibition on the use of funds for making cash sales. The Department of Defense does not share the Department of State's view that the word "sales" should be read out of the Kennedy Amendment and, further, that the Amendment should be construed as a prohibition on the use of funds rather than on assistance as such.

Defense does not believe the legislative history of the Amendment provides persuasive support for the State position. Senator Kennedy introduced his Amendment on the floor of the Senate on August 5, 1974. As originally introduced, the Amendment was drafted in terms of a prohibition on the *obligation of funds* to furnish assistance to Chile under the military assistance chapter of the Foreign Assistance Act and under the Foreign Military Sales Act.

On October 2, 1974 Senator Kennedy introduced a new Amendment on the Senate floor deleting a proposed \$10 million dollar ceiling on assistance to Chile in the form of MAP, credit sales, and guaranties and substituted a complete prohibition on MAP, security supporting assistance, sales, credit sales, guaranties, and the furnishing by any means of excess defense articles or items from DOD stockpiles. In explanation of this Amendment, Senator Kennedy stated: "My amendment would halt *all* military assistance, including *all* government transfers of military equipment and *assistance* to Chile."

On December 4, 1974 Senator Kennedy made a statement on the floor even stronger than the one made by him on October 2. Senator Kennedy stated:

"I want to emphasize that this Amendment prohibits all forms of military assistance including but not limited to those enumerated in the Amendment."

Finally, the House version on which the House conferees receded also specifically suspended (as distinguished from prohibited without waiver possibility) sales as well as credit sales. The House version made an exception for MAP training in the amount of \$800,000, which the House conferees also receded on. For this consideration alone, it would be incongruous to contend that the result of the Conference is to exclude FMS training cases from the scope of the Amendment.

Conclusion

As pointed out earlier, the immediate problem involves the conversion of eighteen F–5E aircraft to the trainer version, sale of the Sidewinder missile, and spare parts for the Chilean Navy. Both State and Defense believe that in the absence of further legislation, cash sales will be permissible after June 30, 1975. In addition, Defense believes deliveries also may be resumed on July 1, 1975 on FY 1975 sales concluded before the enactment date of the FAA of 1975. However, this position does not reflect the possibility that new legislation similar to the Kennedy Amendment could be enacted in FY 1976 with the same restrictive results. The Chileans have been waiting since December for the U.S. to resolve the legal dispute and reach a decision on these contracts. The issue could be forwarded to the Attorney General to decide but even then it could be several weeks before an opinion would be forthcoming.

White House Counsel has reviewed the issue and believes either State's interpretation or that of Defense could be supported.

The Chileans correctly assumed that the F–5s purchased less than one year ago would be equipped with the Sidewinder missile and that spare parts required to keep their naval vessels operational would be available. I agree that it makes little sense to deny items without which previously purchased equipment is impossible of being maintained. As you know, Peru has continued to receive very substantial amounts of sophisticated military equipment from the Soviet Union. Resumption of limited FMS support at this time would be a psychological boost for the Chileans and would provide an important stabilizing factor in this volatile situation. Moreover, a new element of support for the resumption of FMS sales to Chile has been introduced by the letter from 101 Congressmen at Tab D.

It is my judgment that cash sales to Chile can be supported under the FAA and that an immediate resumption of limited FMS sales and deliveries to Chile is in the national interest.

Recommendation

That you authorize me to sign the memorandum at Tab A.

191. Memorandum From Stephen Low of the National Security Council Staff to Secretary of State Kissinger¹

Washington, June 6, 1975.

SUBJECT

Chile Arms Sales

At this stage, authorization to proceed with the \$50 million of arms sales Chile has requested would permit us to deliver only about \$1.5 million of that before July 1. This has led Carl Maw to the view that we should withhold authorizing these sales until after July 1 but proceed with them after that if the new provision in the continuing resolution permits us to do so. The one hundred Congressmen who signed the McDonald letter urging us to proceed with the sales has complicated the problem. It has focused attention of those opposed to arms transfers to Chile on the matter and particularly on the legal question of whether or not authority exists for such sales. This increases the likelihood that a new and stiffer provision will be included in the continuing resolution which will rule out all arms transfers. Senators Thurmond and Helms are circulating a letter on the same subject in the Senate.

Thus, if we proceed now, we would appear to be acting at the last minute before more restrictive legislation comes into effect, either as a result of the prompting of a small group of Congressmen and Senators or after having stimulated them to a particular interpretation of the law. In the current atmosphere this cannot help but contribute towards Congressional hostility towards U.S. programs in Chile and other international arms efforts. If, on the other hand, the Congress does not change the Chile arms provision in the new continuing resolution, after having had the interpretation that it permits sales brought to its attention, we would be on sounder grounds to proceed later.

A further factor is the recent spate of stories in the *Post* and *New York Times* on torture in Chile, and the growing impression that the

¹ Summary: Noting that proceeding with arms deliveries to Chile might lead Congress to pass more restrictive legislation on military assistance, Low recommended that the resumption of weapon sales to Chile be delayed until at least July 1.

Source: Ford Library, National Security Adviser, Presidential Country Files for Latin America, Box 3, Chile 2. Secret. Sent for action. Granger and Janka concurred. Kissinger approved the recommendation. On June 22, McFarlane informed Davis that Ford's May 26 approval of Kissinger's memorandum [Document 190] "was overcome by subsequent events and specifically a later paper Steve sent over urging that we hold off in going ahead with arms sales and deliveries until after the beginning of the fiscal year." (Ibid., Chile, 3) The letter from 101 Congressmen referred to in this memorandum was attached to Document 190 as Tab D.

Chileans really have not taken the measures they indicated they would to improve the human rights situation. Some intelligence reports indicate they may be hardening their position towards the visit of the U.N. Human Rights Commission group.

One could urge going ahead now on the grounds that there is never a good time to proceed with arms sales to Chile, and the general atmosphere towards Chile has somewhat improved. Furthermore, since the provision on arms transfer to Chile is likely to be stiffened anyway, we ought to take this opportunity to transfer what we can and show our good faith to the Chileans.

Recommendation

Nevertheless, because proceeding to authorize the sales would aggravate our problems on the Hill without permitting us to transfer any significant quantities of arms to Chile, I recommend that we hold off until July 1 and proceed then if the flexibility we now have remains in the continuing resolution. Furthermore, we should take care not to inform the Chileans now that we will go ahead after July 1, since any publicity about our plans to do so would almost guarantee a stiffer provision in the CRA.

Clint Granger and Les Janka concur.

192. Memorandum From Stephen Low of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, June 30, 1975.

SUBJECT

Chile NIE

Attached is an NIE on Chile recently completed by the Intelligence community. You may wish to glance at the two-page précis.

In summary, the NIE concludes that:

- the military is well entrenched and will remain in power for the foreseeable future;

- it will gradually loosen its authoritarian controls and lessen its repressive nature;

- it retains substantial popular support;

- the economic deterioration resulting from serious balance of payments deficits will continue until the price of copper recovers;

- this economic deterioration will lead to widespread dissatisfaction with the military government, including limited manifestations of discontent and the possibility (one in four) of massive unrest;

- Chile will continue to be made an international target of protest groups;

- Peru will remain the Chilean Government's overriding foreign policy concern.

The major issue which emerged from preparation of the NIE was over the economic situation and its effects on political stability. The Embassy and Treasury are somewhat less pessimistic than the NIE.

ARA, however, is somewhat more so, believing that a second year of inflation of over three hundred percent will create conditions which will pose a serious threat to the regime.

¹ Summary: Low summarized a National Intelligence Estimate on Chile, which concluded that even as the economic situation there continued to deteriorate, the military would remain in power for the foreseeable future. The NIE also concluded that the Chilean Government would gradually loosen its authoritarian controls and lessen its repression.

Source: Ford Library, National Security Adviser, NSC Latin American Affairs Staff Files, Box 1, Chile, Political, Military 1. Secret. A notation in an unknown hand at the top of the memorandum reads: "7/29 [July 29]—no comeback rec'd [received]—F." Attached but not published is NIE 94-1-75, "Prospects for Chile," June 6. An attached note indicates that Ratliff sent Kissinger's copy of the estimate to Low on June 13.

193. Memorandum From Stephen Low of the National Security Council Staff to the President's Deputy Assistant for National Security Affairs (Scowcroft)¹

Washington, July 1, 1975.

SUBJECT

Disarray in Chile Policy

During the last year and a half we have done what we could to support the Chilean Government in its attempts to get its economy under control and defend itself against the possibility of Peruvian aggression from the North. At the same time we have made clear to the GOC the problems which are created for us by the continuing reports and criticism of denial of human rights there. The President and Secretary have both expressed to Chilean Government representatives U.S. support and sympathy for its efforts to rebuild the nation. We made a major, successful effort with our European allies to get a new Chilean debt rescheduling approved by the Paris Club. We have a large PL–480 program and have urged the IBRD to support loan projects. We have promised to sell military spare parts as soon as possible.

There is strong criticism of this policy from the Congress and from within the U.S. Government. Human rights advocates in both Houses forced us to interrupt military sales and credit. A number of officers in the Embassy at Santiago have written a dissent to the CASP submission which was considered in a pre-IG meeting at State. Their dissent, which was strongly supported by the Policy Planning office in ARA, called for cutting off all economic and military assistance to Chile until the human rights situation improved. All other agencies supported the

¹ Summary: Noting disarray in U.S. policy towards Chile, Low suggested holding an inter-agency Senior Review Group meeting to clarify the U.S. Government position.

Source: Ford Library, National Security Adviser, Presidential Country Files for Latin America, Box 3, Chile 2. Confidential. Sent for action. Granger concurred. Neither approve nor disapprove was checked, but a notation in Kissinger's hand on the first page of the memorandum reads: "1st let me straighten out ARA." On the second page, Kissinger wrote next to the last three sentences of the second paragraph, "NO—I agree with DOD." No record of an SRG meeting on Chile has been found, and a July 31 entry on a routing sheet attached to the memorandum indicates that Low's memorandum was overtaken by events. The CASP for Chile for FY 1976–1977 was transmitted in airgram A–86 from Santiago, May 18. (National Archives, RG 59, Central Foreign Policy File, P750084–1651) Telegram 4600 from Santiago, June 30, provides an account of the meeting between Popper and Pinochet, in which Pinochet expressed concern about the threat from Peru and complained that the Chilean military mission in Washington was unable to get straight answers from the Department of Defense on the status of FMS transactions. (Ibid., D750227–0136)

Ambassador's recommendation, which called for continued support, together with the stepped-up representations on human rights.

One of the main elements of U.S. assistance to Chile was to be a Housing Guarantee loan of \$55 million. The loan had been approved by the Inter-Agency Chile Coordinating Committee and Development Loan Committee. It had been announced to the Congress, which had no objection, and to the Chileans, who were enthusiastic about it. At the last minute, a few days before the end of the fiscal year, a decision was taken, without consultation, by ARA to reduce that loan to \$30 million, with the possibility left open of making up the difference during the second half of the year. The Chileans have not been informed, but other government agencies are intensely annoyed.

On military sales, we had held off until July first, as a result of Paragraph 25 of the Foreign Assistance Act, which restricted FMS transactions with Chile. The CRA contained no such restriction or implication of one, though a number of Senators (Kennedy, Brooke, McClellan) are under the impression that it continues to apply. However, the lawyers, State as well as Defense, are agreed that the restriction lapsed with the Act. The Senators' failure to understand this does not create any legal obstacle. ISA is addressing a memo to Secretary Schlesinger asking his approval to proceed with \$5 million already approved by HAK (and the President) made up of naval spares, sidewinders and a substitution of F-5B Trainers for F-5E Fighters. It also plans to write the Secretary concerning a remaining nearly \$50 million of valid contractual obligations signed with the Chileans but suspended because of Paragraph 25. Carl Maw apparently believes that he has an understanding with Defense that it will not authorize sales to Chile without checking back with him. My understanding was that Defense could go ahead on its \$5 million previously authorized by State (and us) if there was nothing in the CRA to prohibit it. ARA wants a hold put on everything, including the \$5 million, until the matter can be reconsidered.

Chilean President Pinochet called in our Ambassador on Monday to protest the run-around being given his representative in Washington in terms of arms sales. He also expressed his continuing preoccupation with the threat from Peru now that the installations have been completed for the Soviet tanks and other military equipment 150 miles from the Chilean border.

The Chileans will be very upset when they learn of the substantial reduction in the Housing Guarantee loan. If we now authorize the \$5 million military sales, the signals being transmitted to them will indeed be confused. If we don't, the signals will be clear, but do they conform to the policy the Secretary wants to follow?

Treasury is annoyed at the Housing Guarantee decision which it considers a departure from agreed policy. It wants guidance on what

it should do in response to questions it is getting from New York on a \$200 million commercial loan being floated there, and on how to handle pressure to urge the IBRD to process more loan projects. All agree that the Chilean economy is in real trouble as a result of the steady decline in the copper price. An indication that the U.S. is withdrawing its economic support could dry up sources of external capital and precipitate an economic crisis.

In order to straighten this out, there may be some point to holding an SRG, which would give other agencies an opportunity to express their views and clarify guidelines for future policy.

Recommendation

That you discuss this with the Secretary and schedule an SRG on the subject soon.

Clint Granger concurs.

194. Memorandum From the Deputy Director of the Central Intelligence Agency (Walters) to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, July 9, 1975.

SUBJECT

Visit of Chief of Chilean Intelligence Service

Colonel Manuel Contreras, Chief of the Chilean Intelligence Service, arrived in Washington at President Pinochet's direction to discuss

¹ Summary: At Pinochet's direction, Contreras met with Walters and discussed Chilean foreign policy concerns, including a proposal for a U.N. Human Rights Commission visit to Chile, possible Peruvian aggression, and the difficulty of acquiring weaponry.

Source: Central Intelligence Agency, Office of the Director of Central Intelligence, Job 80M01542R: Executive Registry Subject Files, Box 2, C-7: Chile. Secret. Rogers informed Kissinger of Walters's meeting with Contreras on July 7. (Minutes of the Secretary's Principals' and Regionals' Staff Meeting; National Archives, RG 59, Transcripts of Kissinger Staff Meetings, Lot 78D443, Box 7, Secretary's Analytical Staff Meetings.) According to a July 7 memorandum summarizing the Walters-Contreras conversation, Contreras indicated that "he exchanges intelligence information regularly with the Argentine and Brazilian security services and noted that he has his own representatives in Buenos Aires and Brasília who work directly with these services." (Central Intelligence Agency, Office of the Director of Central Intelligence, Job 80M01542R: Executive Registry Subject Files, Box 2, C-7: Chile.) In a meeting of Department and CIA officials, July 11, Rogers characterized Contreras as "the most notorious symbol of repression in Chile." (Department of State, INR/IL Historical Files, ARA Weekly Meetings, 1976–1977) In an August 25 meeting with ARA officials regarding a visit to Washington by Contreras at that time, a CIA official referred to Contreras as one of Pinochet's "unfortunate advisors." (Ibid.)

with me certain matters he wished passed to Secretary Kissinger. I saw him on 5 July.

1. Chilean reluctance to receive the UN Human Rights Commission was due to the prejudices and partial statements made by several members of the Commission. This stacked the situation against Chile from the outset. They felt they were in a non-win setup but, mindful of the political importance of receiving this Commission in the U.S. and elsewhere, they were keeping the door open for such a visit at a "more appropriate time." Initially the Chileans were planning to reject two members of the Commission in the hope that this would discourage the others, but decision for rejection now was taken by Pinochet after Contreras left Santiago.

2. The Chileans hoped they could count on U.S. support and, if need be, veto, against any attempt to expel Chile from the UN.

3. Chileans feel very concerned about the situation in Peru which now has more than 400 tanks (some without crews) to Chile's 40. Some of these tanks are now in the south of Peru. Chileans are concerned that Peruvian General Graham may come to power after Velasco. They view Graham as close to the Soviets and a revanchist.

4. Chileans believe that Cubans and Soviets are spurring an effort (supported by Peruvians) to overthrow Banzer in Bolivia and thus align it with Peru.

5. Chileans are having great difficulty in purchasing arms to counterbalance weaponry Peru has received from USSR. President Pinochet would like to see if there is any way the U.S. could arrange indirect military aid for Chile through a third country. Pinochet understands direct military aid is not possible for U.S. now. Contreras says that such countries as Taiwan, Brazil, Paraguay and Spain would be willing to help. Chileans are particularly interested in tanks and anti-tank weapons. They are manufacturing an anti-tank rocket but cannot acquire the solid propellant for it.

6. Colonel Contreras expressed some concern over activities of the PRC Embassy in Santiago. Its members' constant travelling to Argentina and Peru concerns them.

7. Contreras said Chileans have excellent liaison relationships with both the Argentine and Brazilian Services with broad exchange of information.

8. Contreras transmitted a personal invitation to me from President Pinochet to visit Santiago for Independence Day celebrations on September 18. I told him that I greatly appreciated the invitation but such a public appearance would be exploited against Chile and the Agency and I much hoped to go at another time and more discreetly.

Vernon A. Walters
Lieutenant General, USA
Deputy Director

195. Telegram 4824/Tosec 60104 From the Embassy in Chile to the Department of State¹

Santiago, July 10, 1975, 2024Z.

4824. Tosec 60104. Subject: Meeting with President Pinochet on UNHRC Study Group.

Summary. President justifies decision on UNHRC working group; indicates ban on visit not necessarily final; suggests willingness receive “truly impartial” investigative group; recognizes decision poses difficulties for USG; but nevertheless requests US assistance. End summary.

1. President Pinochet asked me to see him at his home at 11:30 a.m. today, July 10. FonMin Carvajal and DCM also present. Meeting lasted forty minutes and was cordial throughout.

2. Pinochet began with a justification of his action in banning visit of UNHRC working group. This was couched in now familiar terms of evidence that by communist design cards are stacked against Chile in international organizations. Recital on this point included allegedly improper transmittal to UN by OAS Human Rights Commission Secretary Reque of incomplete and classified report on Chile, without Chilean comments submitted thereon, which subsequently published by UN and now selling in US; the procedural irregularities in the ILO condemnation of Chile and the action of the Mexico City Conference on International Women’s Year; evidence that communists were determined to utilize working group visit, through staged seeking of asylum in embassies, demonstrations, etc., to provoke GOC reactions which would mar Chilean image; and improper behavior of working group itself in taking testimony in Paris, New York (allegedly with help of Cuban Ambassador) and Lima, before coming to Chile, with intention of subsequently preparing its report in Caracas, a hotbed of Chilean refugees.

3. I said I could appreciate Chilean motivation and could understand an emotional reaction. However, I wondered whether cost of

¹ Summary: Pinochet indicated he would be willing to receive a “truly impartial” group to investigate human rights abuses, but not the UNHRC. Although he understood that it would be difficult for the U.S. Government to provide assistance, Pinochet requested it anyway.

Source: Ford Library, National Security Adviser, Trip Briefing Books and Cables for Henry Kissinger, 1974–1976, 7/9–12/75, Europe, TOSEC 5. Confidential; Immediate; Exdis. Repeated to Kissinger as telegram 163457/Tosec 60104 on July 11. On July 4, Pinochet cancelled the visit of the UNHRC three days before it was scheduled to arrive in Santiago. (Memorandum From Rogers to Ingersoll, July 9; National Archives, RG 59, Central Foreign Policy File, P810150–1244) A summary of the July 9 conversation between Ingersoll, Rogers, Valdes, and Trucco is in telegram 164813 to all American Republic diplomatic posts, July 12. (Ibid., D750242–0058)

taking this step might not exceed cost which GOC foresaw was involved in visit.

4. President said he had considered matter very carefully and was persuaded that the group would condemn GOC if it came. He thought that the very act of accepting the visit of this working group tended to convey an impression that its impartiality was likewise accepted. If group then condemned Chile, as he fully expected, consequences would be worse than those of denying the group entry.

5. I said that part of the problem was the dramatic impact of this after Chile had admitted a number of other investigative groups and had agreed to admit this one. If group came and then condemned Chile, and GOC then wished say there was evidence that it could not obtain a fair and impartial investigation and would not accept such groups in the future, that would be one position. But to have accepted the group and then to refuse entry seemed difficult to justify publicly in a convincing way. Furthermore, a report issued by the study group without visiting Chile would probably be worse for Chile than one issued after a visit.

6. President reverted to point that Chilean experience with previous groups had been highly unsatisfactory. He was persuaded it was better to refuse UNHRC group entry than to lend credence to its inevitable condemnation of Chile by permitting it to come.

7. I said that Col. Valdes, Under Secretary of Foreign Relations, and Amb. Trucco had seen Acting Secretary Ingersoll and Asst. Sec. Rogers yesterday. I understood that the Acting Secretary had explained that while we had made every effort to be helpful to Chile, inevitably this decision made it more difficult for us to continue to do so. The hope had been expressed that it might be possible to consider the decision taken not as a cancellation of the visit but as a postponement, and to work toward rescheduling the visit.

8. The President said that the decision could be regarded as a postponement rather than a definitive cancellation. Possibly something could be done toward the end of the year. He said he was not opposed to the visit of an impartial group; indeed he would welcome a visit by trustworthy, prestigious "men of good will". He then commented again on the evidence of partiality in the behavior of the working group in taking testimony before coming to Chile and in planning to go to Caracas thereafter.

9. I said I did not find it unreasonable for the group to take testimony prior to arrival in Chile, to gain perspective on the present situation, though perhaps its plan to proceed to Caracas could be considered imprudent. However, these items were not necessarily evidence that it would be impossible to obtain a fair hearing from the working group. Obviously the group was not going to depart saying

that the situation in Chile was perfect. On the other hand, I thought it entirely possible that having seen the situation in Chile for itself, having had freedom to talk to detainees and the man in the street, as well as to government officials, it might very well produce a balanced report.

10. The President laughingly said that I was a good advocate, but he still thought decisive action of the kind he had taken was what the political situation at the UN required. He noted that the US sometimes acted decisively too, and in his opinion to very good effect. He recognized the decision posed problems for us and our relationship with Chile. He reiterated that Chile is and has been a greater friend of the US than the US is of Chile. He remarked, as he had with me a few days previously, upon Chile's truly desperate plight in terms of lack of military supplies and said he really did not know where to turn. He expressed hope for US understanding and support.

11. I said I would be departing this evening on consultation in Washington and naturally these matters would be of top priority in my talks.

12. Comment: The President really has not provided anything new in the way of justification for his action, save possible his concern that condemnation by an investigative group would represent a serious watershed in terms of Chile's future in the UN and related agencies, and possibly with US.

13. The President now takes the position that his decision was to postpone rather than cancel the visit of the group. My impression is that position is more formal and tactical than a matter of conviction. But it is something for us to work on.

14. President's reference to the visit of a truly impartial group might later conceivably provide a basis for some progress in this area. Of course, what Chile most wants is a prestigious group which will justify GOC actions past and present. This is obviously impossible to achieve. On the other hand, it might be possible to suggest a group sufficiently objective to be free, even in Chile's eyes, of the taint of communist infiltration or manipulation and which would be willing to carry out an investigation here. One possibility might be a group of jurists selected from the membership of the international court of justice, or some similar group of uncommitted personalities. There would still remain, however, the question of who would create, organize and finance such an operation. End comment.

Popper

196. Memorandum From Stephen Low of the National Security Council Staff to the President's Deputy Assistant for National Security Affairs (Scowcroft)¹

Washington, July 16, 1975.

SUBJECT

Chile Arms Sales

We may be running into difficulties on the Chile arms sales.

President Pinochet raised with Ambassador Popper the question of \$11 million in FMS credits which were left over from FY 71 to FY 74. We have all along told the Chileans that this was theirs. After the Section 25 restriction in last year's Foreign Military Assistance Act, we told them they would no longer be able to use it for FMS items, and Defense would not permit them to use it for commercial consumables. They have always been able to use it for other commercial purposes. At the meeting with Maw, it was decided that the money would continue to be available to them and that Popper could assure them of this. That is, that we would not take steps to withdraw it. It was also decided that no FMS sales would be authorized even for the \$52 million of valid obligations signed under the FY 75 Continuing Resolution before Section 25 prohibition was voted in December, until the Chileans took some steps in the human rights field which would compensate for the very bad impression left when they cancelled the visit of the UN Human Rights Commission Group.

Clint Granger and Les Janka along with OMB are concerned that this decision will get played to Congress and the press in the form of "our finding new money" or "releasing new credits," which is not the case. We could explain ourselves, of course, but that might not preclude Senator Kennedy's introducing a new punitive provision in the new Foreign Military Assistance Act. Defense feels that this is likely to happen in any case and therefore that we should go ahead and author-

¹ Summary: Low informed Scowcroft of disagreement between Congress and the Executive Branch of the U.S. Government over arms sales to Chile.

Source: Ford Library, National Security Adviser, Presidential Country Files for Latin America, Box 3, Chile 2. Confidential. Sent for information. Scowcroft wrote "OK" on the memorandum and initialed it. The Pinochet-Popper conversation mentioned here took place on June 30 and is referenced in the source note to Document 195. The Maw-Popper meeting referred to here took place on July 14 and is described in telegram 174230 to Santiago, July 24. (National Archives, RG 59, Central Foreign Policy File, D750254-1055) In telegram 4698 from Santiago, July 5, the Embassy reported on Pinochet's July 4 announcement that he had decided not to allow the United Nations Human Rights Commission to visit Chile. (Ibid., D750233-0196)

ize not only Chilean use of the \$11 million they already have, but also the further \$52 million. This would at least be of some significant help to the Chileans. Then the Congress can decide whether it wants to take responsibility for cutting off further assistance or not.

In any case I do not see how we can prohibit to the Chileans use of money from earlier years. We could find a legal justification, but we are certainly not required to do so. I can see some merit in Defense's position.

In this connection, ISA is pushing hard to go ahead soon with the \$52 million sale. It is my understanding they are going to Secretary Schlesinger with a recommendation that he request an SRG meeting on this subject.

Their interest in this is to get HAK personally involved, because they are not convinced that lower levels of State are reflecting his views in this matter.

It is possible that Secretary Schlesinger could bring this up with HAK.

197. Memorandum of Conversation¹

Washington, July 18, 1975, 5:15 p.m.

SUBJECT

Ambassador Popper's Meeting with the Secretary

PARTICIPANTS

The Secretary

Ambassador David H. Popper, American Ambassador to Santiago, Chile

Assistant Secretary William D. Rogers, ARA

John E. Karkashian, Country Director, ARA/BC (notetaker)

Secretary: Is this just a courtesy visit or do we have some problems in Chile?

Popper: There are some substantive points we wanted to discuss with you.

Secretary: I want to know what happened to the \$50 million that we were going to give the Chileans in housing guarantees. How did that get cut in half?

Rogers: It didn't get cut. It was split in half for optical purposes. We anticipate going ahead with the second half in the next fiscal year.

Secretary: We're in the next fiscal year. Are they going to get it now?

Rogers: We signed them up for \$30 million before the end of the last fiscal year and we can go ahead now with the remaining \$25 million in this fiscal year.

Secretary: I can't get a straight answer on this question. Have we or have we not cut this program in half? How do the Chileans perceive

¹ Summary: Kissinger, Rogers, and Popper discussed U.S. policy towards Chile, including issues relating to the level of U.S. assistance to be provided to the country, the human rights situation, and the status of weapon sales. Kissinger expressed a desire to strengthen Chile and to deliver military assistance.

Source: National Archives, RG 59, Central Foreign Policy File, P820123-1831. Secret; Nodis. Drafted by Karkashian on July 21; cleared by Rogers. The hold on sales of armaments before July 1 is discussed in Document 191. Ingersoll reported to Kissinger on July 15 that he had met the previous day with Popper and representatives from NSC, ARA, H, PM, and L, all of whom agreed that it was politically impossible to initiate any new military assistance for Chile, but that the U.S. Government would inform the Chilean Government that FMS credits from prior years were still available to them. (Telegram 165671/Tosec 70003 to the Secretary, July 15; National Archives, RG 59, Central Foreign Policy File, P850011-2305) On July 24, the Department informed the Embassy that FMS sales agreed to prior to July 1, 1974, and a few items contracted in early FY 1975 before the suspension of assistance would be delivered. (Telegram 174230 to Santiago, July 24; *ibid.*, D750254-1055) In telegram 737204 from the Central Intelligence Agency, August 30, the CIA sought information on what steps might be taken to exert positive influence on the Chilean Government. (Central Intelligence Agency, Office of the Director of Central Intelligence, Job 80M01542R: Executive Registry Subject Files, Box 2, C-7: Chile)

what we have done? If this is a technical matter, fine, but if this is an actual cut-back, I am against it.

Rogers: No, it isn't a cut-back. We did not want to appear too generous with the Chileans in FY 1975. Therefore, we divided the original amount in two parts; the Chileans are not losing anything.

Secretary: Will this action preclude the Chileans getting something else in this fiscal year?

Rogers: No, this will have no effect on the rest of the program. It is just an optical split.

Popper: This won't hurt them if they get the second tranche. If I may raise some other points, the Chileans must have some kind of a death wish. Their cancellation of the Human Rights Working Group visit has had a very adverse impact on our ability to be helpful.

Secretary: Why does Chile have to be the only country that must receive a human rights investigating body? Why doesn't Amin receive a human rights commission? What about some of the other African countries where people are executed in the public square? There has to be some limit to this screaming hypocrisy.

Popper: The cancellation of the UN visit was tactically a bad move. It makes the problem that much more difficult. Chile also has some very serious economic difficulties: the high cost of petroleum imports and the depressed price of copper exports have brought it to dire economic straits. If things don't pick up, the Government will have to adopt some very tight controls over the economy. The economic prospects for the months ahead are very bad. Also, the Chileans are paranoid about the threat they perceive from Peru and their belief that there is a worldwide Communist conspiracy being conducted against them.

Secretary: Well, isn't it true?

Popper: The Chileans think we have misled them on our commitments and they are very disappointed about the delays in arms sales.

Secretary: Why don't we give them the arms now?

Rogers: Well, we are going ahead.

Secretary: When the hell are they going to get the arms? What's the answer?

Popper: There are \$9 million in old credits that are available to them. However, the things they want are TOWs and tanks. We were on the verge of giving them those items.

Secretary: Why didn't they get them? Why haven't we delivered the M-48 tanks we promised to them?

Rogers: We couldn't move before July 1 because of the restrictive legislation and then they cancelled the UN visit.

Popper: There are also some bureaucratic problems and the question of availabilities—TOWs and tanks have not been readily available. More recently, of course, the Chileans further complicated the problem by cancelling the human rights visit.

Secretary: There can be no doubt about my policy. I want to strengthen Chile. I don't want to drive them to despair. Is it true that we told Defense to put a 'hold' on arms sales to Chile?

Rogers: Since July 1, yes. I gather that in your meeting with Fraser an understanding was reached on what items might be released to the Chileans if some progress were made on human rights.

Secretary: I knew that would happen. Did you think that I told Fraser that Chile wouldn't get arms? Not even remotely did I say that. Who said that I did? Where did you get that information?

Rogers: We got it from Fraser's office.

Secretary: I said I would be willing to listen to the kinds of things that he felt needed to be done, but not to tie our program to them. That approach always has the opposite effect. If we say that you must do something so that we can do something, it will not happen that way. I don't agree with that approach.

Rogers: The other alternative is to tell the Congress that we are going to go ahead because we believe it is technically and legally permissible. The third alternative is to do it and let the Congress find out about it.

Secretary: How much assistance can we provide to Chile?

Rogers: Under the Continuing Resolution, the ceiling is \$20 million in military credits. The practical problem is whether to go ahead with tanks and TOWs. We were prepared to move ahead when the GOC cancelled the UN visit.

Secretary: I believe your analogies are correct. There is a great deal of foot dragging all over this building. Just enough so that nothing happens and it is difficult to pin the responsibility on anyone. When a Portuguese-type government takes over in Chile, you will all sit around and wring your hands.

Rogers: Where do we go from here?

Secretary: I favor the delivery of some military assistance to Chile. I told Fraser that I wanted to assist the Chileans and then we would see what we could do to improve the situation. I did not say that first there must be human rights improvements and then we would assist the Chileans. It cannot work that way.

Popper: Perhaps we can move forward on both fronts.

Secretary: I have no trouble with that.

Rogers: The crucial point is whether we advise or do not advise the Congress.

Secretary: What is your view?

Rogers: I think we must advise the Congress. There is too much at stake and we would be asking for trouble if we didn't.

Secretary: Let me think about that. What other problems do we have?

Popper: There appears to be a tendency in the Congress to cut economic assistance to Chile. This would really hurt them because U.S. aid is really critical. It could lead to a chaotic situation. A cut in PL–480 allocations for Chile may be in the making. Chile is by far the most important recipient in the hemisphere. I hope we can keep the same level that has been projected for Chile—400,000 tons, valued at \$55.1 million.

Secretary: How does that compare historically?

Popper: It is about the same.

Rogers: Back in the 60's, Chile was very high on the wheat side so it is not out of line.

Secretary: I have no intention of having Chile cut. What is the population of Chile?

Popper: 10 million.

Secretary: Peru?

Popper: 15 million.

Secretary: I am still thinking of going to Latin America some time.

Popper: Including Chile?

Secretary: Well, if those madmen do something on human rights.

Popper: Well, I hope that with time we can have some effect on the Chileans. There are a number of people in the Chilean Government who are actively working toward the right objectives, but they need time and some encouragement from us.

198. Memorandum of Conversation¹

Washington, July 28, 1975.

SUBJECT

Secretary Kissinger's Meeting with Congressman Fraser and Colleagues

PARTICIPANTS

STATE DEPARTMENT

Secretary Kissinger
 Deputy Secretary Ingersoll
 Under Secretary Maw
 Assistant Secretary McCloskey
 James Wilson
 William B. Richardson (notetaker)

CONGRESS

Congressman Fraser
 Senator Bumpers
 Congresswoman Meyner
 Congressman Buchanan
 Congressman Biester

Senator Cranston
 Congressman Gude
 Congressman Bingham
 Congressman Badillo

STAFFERS

John Salzberg (Fraser)
 Robert Boettcher (Fraser)
 William Jackson (Cranston)
 William Reintzes (Gude)

[Omitted here is discussion unrelated to Chile.]

Fraser: On Chile, I strongly regret the cancellation of the visit by the U.N. Working Group, especially since this took place a day or two before they were physically in Chile. The Chileans have also kicked a Washington reporter out. What we seem to be getting out of this whole group is much of the same.

Kissinger: We made strong representation on this Working Group matter and we sincerely regret what happened. I think that that sort of government has the same attitudes of the Greek junta and there is a great possibility of them becoming an empty shell. Also there is a great danger that this movement will go in the direction of Portugal, which would be bad for Latin America. I am concerned about future political developments in Chile. We could have a situation where the younger military officers may stop looking towards the United States

¹ Summary: Kissinger and Maw discussed Chilean human rights violations and U.S. military assistance with Fraser and other members of Congress.

Source: National Archives, RG 59, Central Foreign Policy File, P820123-1780. Confidential; Nodis. Drafted by Richardson on August 5.

and acquire views similar to the Portuguese military officers there. There could be no structure left and we could get stuck with a left wing dictatorship, farther left than Allende.

On Chile, we have made more representations on human rights than any other country. I don't know about any better alternative. I really don't know how to navigate on this matter. I am unhappy with the U.N. action. I do think that by showing an understanding of their problems, we can move them more toward our views on human rights. Both Rogers and I were very disappointed with what happened. Both Bill and I hope we can allow this study to take place. All of these problems feed on each other. For example, because of Congressional sensibilities the United States Government has held back \$10 million in housing aid. The Chileans were supposed to get \$30 million, but have only received \$20 million so far, all of this for human rights reasons. The Chileans feel they will be harrassed no matter what they do. They feel they are probably being used by us. In the Turkish matter, for example, it has been that if one gets into a confrontation position, no one achieves what they want. I don't know enough about Chile, whether they have enough incentives to improve their domestic situation. On the military side, the Chileans are paranoid about a threat from Peru. They certainly noted a cut off of military aid effective last month. Who sat in on that meeting with the Under Secretary a few days ago? Was it you Carl? What were the reasons they gave for turning down that U.N. Group?

Maw: They wanted to postpone the visit because they felt the present time was not propitious. They don't want it now and they were also objecting to the composition of this group. The Chileans did tell me, however, that they would like Congressional groups to go down there and look at the situation.

Fraser and Buchanan: That would be a good idea. (Badillo, Meyner and Biester also concurred by shaking their heads and expressing interest).

Kissinger: Sounds like a good idea. Let's see what would happen if we could lift the arms embargo for one year and use it as leverage for getting progress on human rights. We would then make a massive effort to persuade the Chileans to improve their human rights performance. We would see what would happen. The Chileans would not be receiving much military aid any way. Can we try this? I realize this is also a Kennedy matter and he is not present.

Fraser: The House cut military aid with a human rights waiver.

Bumpers: What was the final cut?

Kissinger: The final cut was from \$20 million to, I think, the House cut it to \$10 million. It was cut in conference. I think the Chileans think

of this in terms of principle rather than in actual terms of figures. We have expended a lot of credit to the Congress on this. I would like to try this.

Fraser: I would prefer a variation of what you were saying. I think we should ask the Chilean Government for some specific steps for them to take as a basis for which Congress could be persuaded to resume military aid.

Kissinger: Let's try it and be in touch.

Fraser: Mr. Secretary, I wasn't thinking about \$15 or \$20 million military aid. Chile is in the Military Aid bill and it will probably be going solo unless it is linked with aid to Israel. If the Chile bill goes solo, it will be a very hot item. Some of us could, however, support a modest program, if this was preceded by improvements in human rights.

Kissinger: Let's talk to the Chileans and I will put Bill Rogers on this. I must say that the principle may be the most important issue in this whole business.

Buchanan and Meyner: We like this approach. We should work it out.

Bingham: I still want to know why the PL-480 share for Chile is so disproportionate.

Kissinger: I assure you it is not on the basis of the historical record. I can only reemphasize that we do not want to drive the Chileans back to even the left of Allende. We must retain a margin of influence there. Last year we didn't have any because military aid was completely cut off. Can I see if PL-480 share for Chile conforms historically with what we have done in Latin America?

Bingham: I don't want to stretch this thing out. It is not a hot item. Our Committee is involved with this for the first time.

Kissinger: Carl Maw will get you these figures.

[Omitted here is discussion on Asia, Voice of America, Europe, and the UNGA.]

199. Action Memorandum From the Assistant Secretary of State for Inter-American Affairs (Rogers) to Secretary of State Kissinger¹

Washington, August 5, 1975.

FMS Sales to Chile

The Problem

At our meeting with Ambassador Popper before your trip, you said you wanted to reflect on the question whether to consult with Congress about resuming military sales to Chile during the interim before Congress enacts the FY 1976 legislation.

Discussion

In FY 1975, our lawyers and DOD's had concluded that Section 25 of the Foreign Military Assistance Act prohibited all military aid, including both sales and credits, to Chile. DOD's lawyers also agree with our own that Section 25 expired on July 1, and that we are therefore legally free to resume cash military *sales* to Chile. (We cannot extend credits. There was no legislative authority for credits in FY 1975, and therefore the continuing resolution does not continue any credit authority.)

Congress, however, is not of one mind about sales to Chile. The issue is a contentious one. Congressman McDonald, who recently visited Chile has sent us a letter, signed by 100 of his colleagues, saying that we had authority to make sales during FY 1975 and he hopes we will jolly well get on with it now. On the other hand, Kennedy and Brooke had a colloquy on the record, during the continuing resolution

¹ Summary: Rogers outlined the implications of different approaches to the problem of security assistance for Chile.

Source: National Archives, RG 59, Central Foreign Policy File, P830113–0540. Secret; Exdis. Sent through Maw. Drafted by Rogers. Gantz, Wilson, Richardson, and Vest concurred. Although the memorandum is dated August 5, the drafting date is given as August 11. Attached but not published is a suggested letter to Carvajal. There is no indication the letter was sent. None of the options for approval or disapproval were checked, although Kissinger wrote on the first page of the memorandum, "See me Tuesday." In telegram Secto 9001 from Vail, August 16, the Secretary's delegation informed the Department that Kissinger had taken no action on the memorandum but wished to see Rogers and Maw on Tuesday, August 19. (Ibid., P840126–2280) No record of a meeting has been found. A memorandum of conversation of the Kissinger, Rogers, and Popper meeting referred to in the first paragraph is published as Document 197. On August 19, Lord informed Kissinger that although the staff of S/P agreed with L and H that arms sales to Chile should be held up, Lord himself supported "a discreet program combined with candid talk and advance notice to Congress." (Ibid., P830113–0469)

debate, the burden of which was that the continuing resolution maintained the ban on sales from FY 1975 into FY 1976.

Since then, there has actually been a hardening of positions, in Congress and in Chile.

Some *backsliding has occurred in human rights* practices in Chile in recent months. The National Security Law, which had a difficult birth last May, has not been fully implemented. Families have not been notified about arrests of relatives. *Habeas corpus* has not been observed. There are even some indications of the possible basis in fact for current newspaper allegations that the GOC may be behind the recent disappearance of some 119 opposition figures. President Pinochet personally has taken some of the hard-line decisions on human rights, such as the one to bar the UN Human Rights Commission Working Group.

The Chile military aid issue will be on the table when Congress returns in September. Final consideration of this year's legislation is scheduled to begin then. We can be certain that McDonald and Kennedy will be at each other's throats. There is little doubt that Fraser will try to repeat his success of last year in banning all military aid of any kind. Some Congressmen may even try to cut off any deliveries of equipment which are begun but not completed during August, and reduce economic assistance. Chile could well become a test case of the Department's intentions in the human rights field.

Chile has pending about \$50 million of contracts for various kinds of equipment. Whether they would want to carry out all of these contracts immediately is questionable. The most important are the anti-tank weapons, the sidewinders for their F-5's, and the spare parts they need to keep their present equipment moving. This \$6.3 million package, rather than the full \$50 million, would clearly have a better reception on the Hill just now.

The Legal Adviser and H, however, counsel against any sales in the present circumstances. They are concerned that a resumption of sales to Chile following Pinochet's rejection of the UNHRC Working Group would be perceived by many in Congress as a reward for conduct inconsistent with U.S. human rights policies, as set forth in the Foreign Assistance Act. The combination of members opposed to security assistance for Chile on human rights grounds, those ideologically opposed to the Pinochet government, and those who would see the issue as one of Executive Branch compliance with expressions of Congressional policy such as Section 502 B of the Foreign Assistance Act, would pose a genuine risk of legislative action to preclude even delivery of the items proposed to be sold to Chile. Moreover, the anticipated negative Congressional reaction might well extend to other issues. This could weaken the prospects for favorable action on Turkey and produce new and stronger provisions on human rights in the pending foreign assistance bill, according to H and L.

They believe that our ability to avoid legislation that would be counterproductive in our policy toward Chile, and perhaps other countries as well, could be enhanced if the Government of Chile could be persuaded to take minimal steps to improve human rights first. In that event, we could then defend limited cash sales to Chile as a reasonable response to positive steps and designed to encourage further progress, they suggest.

ARA agrees that there is much to be said for postponing military sales to the Chileans now, until after Congress has had a chance to consider Chile's turn down of the UN Working Group and the furor now brewing over the 100 plus dead Chilean Leftists in connection with the FY 1976 legislation. Ambassador Popper would prefer to have some sales for the Chileans, but he would not feel his task was utterly compromised if there were none just yet. He has recently advised Pinochet that the GOC can use its past credits for certain military items.

However, if we are to go forward with sales during this short interregnum between the expiry of Section 25 and the passage of the new legislation, then ARA thinks we should do so with a discreet package, that we should talk frankly to the Chileans about the relationship of future military aid and the GOC human rights image, and that we should tell Congress what we are doing before we do it.

There is a good deal to be said for both measures—that is, talking plainly to Congress and Chile. If we make a clear, though quiet, statement to the Chileans, they will not conclude that they face clear sailing in the U.S. now, in spite of their recent human rights record. And if we tell the Congress that we are making some limited sales, but are also doing some plain speaking to the Chileans, we will avoid the danger that Congress will find out after the fact, and denounce us not only for bad policy but for duplicity as well.

We have tried to design a quiet but clear statement to the Chileans. A draft letter from you to Foreign Minister Carvajal is attached. This tells him that we are going forward with a package of sales, including the anti-tank missiles and the spares, but also gives him some understanding of the situation in Congress and our assessment of the difficulty in the way of future military aid to Chile in the absence of some improvement in human rights practices. We would tell the key Congressional human rights advocates of the plan set out in the letter before it goes out.

Here, in summary, then, is the trellis of options as we see them, and the balance sheet for each. If you accept the first option—no sales now—then you need not address the second and third options. If you decide on sales during the Congressional interregnum, then you should address points two, three and four:

The Options

1. *To Sell or Not to Sell:* In this uncertain interim period, before Congress considers the FY 1976 military aid legislation, authorize no military sales to Chile.

Pros:

—A hold on sales would avoid a Congressional and public attack from some quarters that our policy is designed to support the Chilean junta in all circumstances and whatever its human rights practices;

—A hold would also avoid the charge that we acted behind Congress' back;

—Chile would not think that we accept its decision to cancel the UNHRC Working Group.

Cons:

—Leaves the issue to Congress, even though Congress has not yet spoken about FY 1976 military aid.

—May turn the GOC away from what it sees as its last remaining ally and increase its paranoia and possible radicalization.

—Forces Chile to seek the armaments it thinks it needs to counter the threat from Peru from other sources.

Bureau Views:

ARA, H, L, PM and D/HA recommend that we hold off on sales until Congress considers this year's legislation, beginning in September.

Approve Interim Sales _____ Disapprove Sales _____

2. *A Small Package of Sales or a Big One:* If we decide to conduct some sales before Congress acts, offer first a package of anti-tank equipment and spares.

Pros:

—This package is easier for Congress to swallow. We can stress that the anti-tank weaponry is obviously not to maintain internal authority but to defend Chile against Peru, which is armed by the Soviets.

—We can move this equipment quickly.

Cons:

—Does not give Chile everything it wants.

Bureau Views:

If you prefer this Option, ARA, H, L, PM and D/HA recommend that you approve the small package.

Approve Small Package _____

Approve Entire \$50 Million _____

3. *Talk to the GOC:* If we go ahead with a package, couple the sales with a frank but quiet statement to the Chileans about their human

rights image in this country, along the lines of the draft letter (attached) from you to Carvajal.

Pros:

—Is consistent with our public position that we do engage in quiet diplomacy on human rights;

—Gets the point across to the Chilean junta that there is sincere concern with their human rights record at the highest level of the USG; and

—Avoids misunderstanding in Santiago that they have a clear field, and that the sales are a signal that we accept their treatment of the UN Working Group.

Cons:

—Might be misunderstood by Pinochet as meddling in his internal affairs.

—Would seem to Congressman McDonald and others as an example of a double standard, and an unfriendly act against Chile in its hour of need and crisis.

Bureau Views:

If you approve Option 2, ARA, H, L, PM and D/HA recommend that you send the letter to Foreign Minister Carvajal.

Approve Letter _____ Disapprove Letter _____

Other _____

4. *Tell Congress:* In all events—whether we go forward with sales or not, whether we do a small package or \$50 million, and whether we talk to the Chileans about their human rights posture or not—we should advise the Congress of what we are doing before we do it.

Pros:

—Congress is concerned about Chile. To move on the vexed and disputatious question of sales now, behind Congress' back, would not be well received.

—If we did, we might persuade Congress that the Department is not to be trusted on Chile and on human rights issues in general.

—To discuss the question with key Congressional actors will give us an opportunity to explain the Peruvian threat, make clear that we are not going whole hog and that we are presenting a balanced position on human rights to the GOC.

Cons:

—Might inspire the liberals to move that much more quickly and decisively to cut any sales off at the pass;

—Congressional consultation in this instance might set an awkward precedent for other future cases.

Bureau Views:

If you approve Option 1, ARA, H, L, PM and P/HA recommend that Congress be advised. If you approve Option 2, ARA, H, L, PM and D/HA recommend that Congress be advised prior to going forward with a sales package.

Approve _____ Disapprove _____

200. Action Memorandum From the Assistant Secretary of State for Inter-American Affairs (Rogers), the Assistant Secretary of State for Congressional Relations (McCloskey), and the Director of the Bureau of Politico-Military Affairs (Vest) to Secretary of State Kissinger¹

Washington, September 20, 1975.

Security Assistance Levels for Chile—FY 76 and 77

The Problem

Our proposal for security assistance levels for Chile for inclusion in the Congressional Presentation Document should go forward to Congress September 25. The President earlier approved FY 76 \$20 million for FMS and \$0.9 million for MAP training. Recent events in Chile have made a credit program, at least, indefensible in Congress. We would at the same time like to sell for cash at minimum some spares and anti-tank weapons.

Background/Analysis

We had hoped—and had been promised—that President Pinochet would announce major improvements in internal security practices in his September 11 address. He did not. He lowered the state of siege one level and announced release of some political prisoners. We believe the GOC announcement will have a negligible practical result, in Chile and in the perception here of Chile.

¹ Summary: Rogers, McCloskey, and Vest recommended that Kissinger authorize roughly \$10 million in FMS sales to Chile after consulting with Congress.

Source: National Archives, RG 59, Central Foreign Policy File, P810150–1436. Confidential. Drafted by Driscoll and Fimbres on September 19. Sent through Maw. Rogers wrote on the memorandum, “Bremer discussed with Rogers 29–9 [September 29]. Matter to be raised informally with DOD through Scowcroft.” Rogers indicated that Kissinger approved the first two recommendations on September 28. Neither approve nor disapprove was checked for the other options.

—repression continues. Since postponement of the UN Working Group visit, the GOC has purged the universities, arbitrarily arrested—but subsequently released—several Christian Democratic and labor leaders, and has generally ignored the provisions of the new National Security Law announced in May with much fanfare. In addition, circumstantial evidence suggests a GOC role in the affair of the “missing 119”. And there is no give on rescheduling the UNHRC Working Group, or in substituting an OAS Human Rights Commission trip.

The Options

1. Submit the CPD with the FY 76 FMS credit level of \$20 million approved by the President; support unlimited FMS sales authority.

Advantage

—it would maintain in the minds of the military governing Chile the impression that the U.S. Executive supports them and does not hold their human rights practices against them.

Disadvantage

—it will focus critical Congressional debate on Chile, which eventually will weaken our ability to defend other parts of our military assistance programs.

—it will also help convince Frazer and others who are particularly bullish on this issue that we are so insensitive to their concerns that we are willing to push a program for the country most publicly identified recently with human rights violations.

2. Delete Chile FY 76 CPD for credits but, following Congressional consultation, provide some \$10 million of spares and TOWs in FMS cash sales.

Advantage

—the fact that we asked \$20 million for Chile last year and eliminate the program this year would show that we do, at least in paradigm cases, take human rights practices into consideration in our military assistance program proposals.

—it would make us more credible when we say we do not condone abuses.

—it would be a clear signal to all in Chile, military and civilians, that we mean business on human rights.

—the cash sales would off-set our military assistance to Peru, help maintain stability in the area, and preserve at least some influence in the GOC military.

Disadvantage

—we single out Chile for punishment.

—by tailoring our program to avoid criticism from some quarters in the Congress, we risk having them attempt to impose their views in the future.

3. Whatever our decision, we believe we must inform Congress. We also believe that no FMS sales should be made without Congressional approval.

Advantage

—it demonstrates our desire to consult on “difficult” cases.

—to move on the sales questions behind Congress’ back would be unwise.

—we would present a balanced posture on human rights.

—it gives us a chance to discuss the Peruvian threat.

Disadvantage

—it reminds Congress of the sales aspect and might encourage a total cutoff.

Recommendations:

1. That you reject option 1, forwarding the CPD with a FY-76 credit level of \$20 million and pressing ahead with large cash sales.

ARA, H, PM, L, D/HA recommend you approve rejecting this option.

2. That you approve option 2, the deletion of Chile from the CPD and at the same time that you approve the provision of a discreet FMS cash sales defensive package consisting of:

20 TOW Launchers

400 TOW missiles

100 Sidewinders for the previously purchased F-5

Navy spares and munitions

\$0.9 million of FMS cash training (mainly for the F-5)

Substitute 3 F-5-F trainers for 3 F-5-E’s in the F-5 contract, signed in FY 74.

This package could cost roughly \$10 million.

ARA, H, PM, D/HR, and L recommend approval.

3. That no FMS sales to Chile take place until we have consulted with and obtained at least passive approval of the Congressional leadership.

ARA, H, PM, D/HR, L, and IO recommend approval

4. That you inform Foreign Minister Carvajal of our decision during your bilateral with him September 29.

ARA, H, PM, D/HR, and L recommend approval.

Alternatively

That Ambassador Popper inform the GOC in Santiago

That you inform Ambassador Trucco

That Mr. Rogers inform Ambassador Trucco

201. Memorandum of Conversation¹

Washington, September 29, 1975.

SUBJECT

Secretary's Meeting with Foreign Minister Carvajal

PARTICIPANTS

Chile

Foreign Minister Patricio Carvajal

U.N. Permanent Representative Ismael Huerta

Ambassador to the U.S. Manuel Trucco

Foreign Ministry Political Advisor Enrique Bernstein

Foreign Ministry Economic Advisor Thomas Lackington

US

The Secretary

Assistant Secretary William D. Rogers

Chile Desk Officer Robert S. Driscoll

Foreign Minister: I want to thank you for giving us this opportunity to talk to you.

The Secretary: Well, I read the Briefing Paper for this meeting and it was nothing but human rights. The State Department is made up of people who have a vocation for the ministry. Because there were not enough churches for them, they went into the Department of State.

Foreign Minister: We would like to leave these documents with you.

The Secretary: My God! What's that? One of your speeches?

Foreign Minister: It consists of several documents. One explains the current status of the economy. Another explains the requirements of the armed forces. Another is the state of the laws under the new level in the state of seige; one concerns the new Council of State, and

¹ Summary: Kissinger, Rogers, Carvajal, and Trucco discussed human rights, U.S. Government assistance, the Chilean economy, and Chile's foreign policy.

Source: National Archives, RG 59, Central Foreign Policy File, P820123–2643. Confidential; Nodis. Drafted by Driscoll; cleared by Rogers. A typewritten notation at the bottom of the memorandum states, "This version was agreed upon by Ambassador Lackington, Desk Officer Driscoll, and interpreter Hervás." None of the Chilean documents were attached. On October 3, the Department sent a summary of the conversation to the Embassy. (Telegram 235949 to Santiago, October 3; *ibid.*, D750344–0175) Although the briefing memorandum to Kissinger has not been found, on September 15 Fimbres sent a memorandum to Rogers in which he recommended that Kissinger inform Carvajal that human rights abuses made it increasingly difficult for the U.S. Government to assist the junta and that the United States supported Pinochet's expressed desire for political liberalization. (*Ibid.*, ARA Files, Subject and Country Files: Lot 81D324, DEF 12–5, CHILE Military Sales, 1974–1975)

the final one explains the legal dispositions the government is thinking of taking.

The Secretary: My view on the question of human rights is that it is on two levels. One is that it is a total injustice. Nobody goes around making statements regarding what is going on in Kampala or the Central African Republic or hundreds of other countries around the world. The other is the problem of helping your government under the present conditions, which we did not create, but which make it difficult for us. It would help enormously if something can be done. We will study the documents. We understand the problem. It is not in the interest of the United States to turn Chile into another Portugal. (I'll be in great trouble when this is leaked to the papers.) However, this is my personal conviction, and I stand behind it.

What can be done visibly to bring about a change in congressional attitudes? We do not need to discuss it now. However, it is our problem. Otherwise, Congress will place restriction upon restriction against U.S. interests. Look at Turkey—the restrictions there do not serve any U.S. interest.

This is the issue we face. (I have not read fully all the briefing papers.) I do not know what can be done. Anything to alleviate that situation, and in a somewhat visible way, would be enormously helpful. This is the basic orientation, but the solution has to be a Chilean one. We don't know the details of what you can do.

We have a problem with the Turks. They so adhered to principal that they withdrew 15,000 troops without telling us. This is something we could have used with our Congress. But they were intent on showing they could not yield to pressures. It would have ended the whole thing if we could have issued a communiqué stating the reduction. They had 35,000 troops, and now they only have 20,000. This is not exactly analogous.

Foreign Minister: Regarding human rights, first I am convinced that the alleged violations of human rights are absolutely false. I have conducted my own personal investigation in my own country to be absolutely convinced in my own conscience to make sure they are not taking place.

The Secretary: Why did you cancel United Nations group? You shouldn't have invited them in the first place. Why did you invite them?

Foreign Minister: We had to cancel because there was a bad atmosphere to begin with. They started badly. Both here in New York and in Lima they talked to people regarding the situation. They were supposed to investigate the present situation. However, they were hearing old testimony. And the atmosphere inside and outside the country was being artificially made into a commotion (sic). The commotion made

impossible a thorough and impartial investigation, and I think the government was right in not authorizing the visit. The Working Group has prepared a report which is not fair. My President left the door open for a later visit of the Working Group, but with the report I feel the door is closed. It was unfortunate. We have admitted the Inter-American Human Rights Commission, and the International Committee of the Red Cross has been there since 1973.

The Secretary: Why did you invite the group to begin with?

Foreign Minister: They created artificially a very bad atmosphere. The Government of Chile has followed a plan to liberalize emergency measures, but the Government of Chile must take measures to control terrorism. Terrorism is a very serious problem all over the world.

The Secretary: That does not happen in the United States. In this country they only shoot at the President.

Foreign Minister: I have asked David Popper whether he would prefer to live in Buenos Aires or Santiago. He answered “no” because his colleague in Buenos Aires lives like a prisoner in his Embassy.

The Secretary: I have no precise suggestions to make. I don’t know the conditions. Our point of view is if you do something, let us know so we can use it with Congress. I see in this document you paroled 200 people, and they have gone to Panama.

Ambassador Trucco: We have authorized more than 200 people to leave the country, and they have no place to go because no one will allow them in. The President of Colombia said he would have to take measures against the Chileans already there. And Facio says some are creating trouble in Costa Rica. Costa Rica is not willing to accept any more Chileans. They are creating problems.

The Secretary: You will know what to do. We cannot go beyond what we have said. What other problem do we have to discuss?

Ambassador Trucco: One problem we are having is with the Ex-Im Bank limitation of the \$500,000 (sic).

The Secretary: Why?

Ambassador Trucco: The previous listing on Chile has not changed with circumstances. This situation dates from the Popular Unity Government.

The Secretary: It took me two years to get our institutions to reduce credit to your country. (To Rogers) Will you call Casey?

Assistant Secretary Rogers: I’ll call today. Everything is fine with the IDB and the World Bank?

Ambassador Trucco: With the World Bank we are experiencing certain delays, but we are not pressing the World Bank.

Assistant Secretary Rogers: We should have no problem. We are leaning hard on the bureaucracy.

The Secretary: Bill, talk to the Ex-Im Bank. These are vestiges of the previous government. Your situation with the private banks?

Assistant Secretary Rogers: Do you need any help?

Ambassador Trucco: No, we don't. Our Finance Minister is coming next month, and presently their offers have doubled.

The Secretary: As I understand it, with commercial sales you're alright—the problem's with FMS.

Ambassador Trucco: The problem with commercial sales is that no export licenses have been approved since 1974.

Assistant Secretary Rogers: It is cleared now for purchases made prior to June 1974.

The Secretary: How about the \$10 million of sales you are talking about. We could go forward in Congress with a proposal for \$20 million in credit, but Congress would throw it out. Our tentative judgment is not to do it. Do you have any problems with that? On cash sales, could we do more?

Assistant Secretary Rogers: The original figure was \$6 million, but we changed it to \$10 million.

Foreign Minister: On our list here we have items which are in excess of \$10 million.

The Secretary: Why do we have to say no commercial sales? Why don't we go through with it? If \$10 million are not enough, we could add a few millions.

Assistant Secretary Rogers: We are prepared to be responsive.

The Secretary: If \$10 million is not enough, add more. What next, part of south Peru or part of western Bolivia?

Foreign Minister: The new government in Peru is improved. We have hope for better relations with this President. And with Bolivia we are working earnestly to resolve our problems, but we have made no commitments regarding the form of the solution.

The Secretary: Thank you. That would be very helpful.

Foreign Minister: Regarding Peru, we still have Soviet influence. They are receiving a Soviet training vessel in Callao with over 100 "cadets."

The Secretary: But how many Soviets are there now?

Assistant Secretary Rogers: In southern Peru?

The Secretary: What is our position? Soviets in the north are alright; but in the south, they are bad?

Foreign Minister: We have just heard that the Soviets are on board a ship. But this just proves the continued close relation between the armed forces and the Soviet Union.

The Secretary: The new Government of Peru has not been in office long enough to make any changes yet.

Foreign Minister: On the day of the coup—August 29—at 8:00 a.m., the Peruvian colleague of the Chilean military commander in Arica called him to say that they were going to take over the government, “and we are going to eradicate communism and Marxism from Peru.” That morning I sent a cable to my Embassy in Lima. The Embassy said it was 9:30 a.m. and all was normal. We hope to have better relations, but there is still some Soviet influence.

The Secretary: We will treat these requests sympathetically. On PL–480 I understand Chile is getting 2/3 of the total for Latin America.

Ambassador Trucco: Yes, this is going well.

The Secretary: How is the economic situation? Is it improving?

Foreign Minister: Yes, it is improving. I believe the economic measures to be sound. The Finance Minister is very strict. I have never seen a Finance Minister like this one in Chile. Traditionally, after the budget was approved, we used to ask the Finance Minister for more money. But this is not the case with this government. Now he asks for cuts. He has cut us to 80% of the original budget. The measures are very strict, but they are good for the country. I am convinced that next year it will be better. We have been expanding our nontraditional exports, and next year we may not have to renegotiate the external debt. The measures are very good and the people willing to cooperate.

Ambassador Trucco: The Balance of Payments deficit is wiped out and completely financed.

The Secretary: (To a whispered exchange in Spanish between Trucco and Carvajal about a copper producer-consumer conference) We have agreed to do it.

Ambassador Trucco: We are attending a copper exporters meeting in Lima.

The Secretary: Stay in touch with us. We can set up some sort of *ad hoc* group which can set objective criteria to define the interests of the producers and the interests of the consumers. This might be according to a percentage of production and consumption.

Ambassador Trucco: Ambassador Popper has had recent meetings with the three financial ministers to discuss the Chilean position.

Foreign Minister: Our impression is very good regarding your speech on the matter.

The Secretary: As I stated in my speech we favor this. Why don't you coordinate among the producers? We will set this up.

One other thing: I have heard that you want to invite the OAS General Assembly to Santiago.

Foreign Minister: Yes, in April of next year.

The Secretary: Do you think that would be alright with the other countries?

Foreign Minister: Nobody had made any statement against it.

The Secretary: How about Mexico?

Ambassador Trucco: I have spoken to Colina (of Mexico). He was skeptical. He said that the situation had passed. But I do not know what situation he was referring to.

The Secretary: Maybe Echeverria?

Ambassador Trucco: I also talked with President Lopez of Colombia.

The Secretary: We won't oppose.

Ambassador Trucco: I have talked with Burelli Rivas of Venezuela; and he talked to President Perez; and Perez thought it had some merit. Panama also is in favor. I believe a meeting of the OAS General Assembly would do a lot of good.

The Secretary: I would rather like it.

Ambassador Trucco: It would show the real situation and how it has been distorted. They would see the effect of the social programs and the economic programs to bring the country back to normalcy.

The Secretary: Would I have to stay the whole week? I would have to listen to too many speeches.

Assistant Secretary Rogers: Last year the meeting was good. It only lasted two days.

The Secretary: Last year was outstanding. It was the best I ever attended. The Foreign Ministers met for two days, and the other sessions were left to the experts. I would be in favor of such a meeting.

Ambassador Trucco: The only country with which we might have some problems is Mexico, but they can be assured they would receive all courtesies.

The Secretary: Do you have the facilities?

Assistant Secretary Rogers: They are excellent.

Foreign Minister: I am sure they are better than those (OAS) in Washington.

The Secretary: That is not hard to do.

Ambassador Trucco: They would be the same facilities arranged for the 1972 UNCTAD.

The Secretary: If you can get your Latin American friends to support it, the U.S. will have no difficulties.

Ambassador Trucco: (Handing over another document) This is on the talks in Santiago among the countries of the Andean Pact on the limitation of armaments. Ambassador Bernstein presided over these talks.

Assistant Secretary Rogers: Should we make a public statement on these talks?

Ambassador Trucco: Nothing at this time.

202. Memorandum For the Record¹

Washington, October 3, 1975.

SUBJECT

ARA/CIA Weekly Meeting, 3 October 1975

PARTICIPANTS

ARA

Assistant Secretary William D. Rogers

Ambassador Hewson Ryan

Mr. William Luers

Dr. Albert Fishlow

CIA

[names not declassified]

INR/DDC

Francis De Tarr

[Omitted here is discussion unrelated to Chile.]

Chile:

Ambassador Ryan said that Chilean Ambassador Trucco had expressed concern that Colonel Manuel Contreras, the Director of Chile's Directorate of National Intelligence (DINA), has a separate channel to Washington (Contreras' conversations with CIA officials are reported in notes covering meetings of August 25 and July 11).

Assistant Secretary Rogers said that this is a very important time in our relations with Chile. Our position toward Chile is going to be expressed both publicly and privately. It has been decided that no military assistance is to be given to Chile this year, neither grants nor loans. It may be possible to provide a discreet package of cash sales,

¹ Summary: In an October 3 meeting, Department of State and CIA officials discussed Trucco's concern over Contreras' reported separate channel to Washington. Rogers stated that the U.S. Government should speak with one voice regarding Chile policy.

Source: Department of State, INR/IL Historical Files, ARA Weekly Meetings, 1976–1977. Secret. Drafted by De Tarr on October 7. Memoranda for the record on the July 11 and August 25 ARA/CIA meetings are *ibid*.

but even this would be difficult given congressional feelings. In addition, Chile wants the OAS General Assembly to be held in Santiago next April. We will condition our attitude to their desire on the support that the Chileans receive in Latin America, and also on the issue of human rights. The basic outlines of our current Chilean policy will be made clear in the near future to the Chilean Foreign Minister, and will arouse considerable interest in Santiago. We must all be aware of the broader context of our current relations with Chile. It is important that there be no misunderstandings, and that the US speak with one voice.

Ambassador Ryan repeated that Ambassador Trucco had mentioned Contreras as having a separate channel between Chile and the USG and has said that he, Trucco, had not even known that Contreras was coming to Washington. It is clear, Ambassador Ryan added, that Trucco and Contreras do not get along.

Mr. Sampson said that it was possible that the military Attaché, General Morel, had known that Contreras was coming. Morel knows and sees General Walters. Ambassador Ryan remarked that Morel is being replaced. Mr. Sampson said that the CIA is not interested in military questions concerning Chile. He had met Morel in General Walters' office; Morel was concerned with the Peruvian military buildup.

Assistant Secretary Rogers said that, in any case, the Chileans will be writhing and flailing about not getting military credits. It was thus necessary to sensitize the CIA to the situation.

Ambassador Ryan also said that the Department should be informed of any movements planned by Contreras.

[Omitted here is discussion unrelated to Chile.]

203. Transcript of the Secretary of State's Staff Meeting¹

Washington, October 6, 1975.

[Omitted here is discussion unrelated to Chile.]

Mr. Rogers: The second thing I want to mention to you is the action by the Chileans with respect to Mission Friends. Mission Friends is the head of the Lutherans in Chile. They got the UN—

Secretary Kissinger: They're particularly trying. (Laughter.)

Mr. Rogers: They got the UN Medal last year for his work with respect to the Chilean refugees. He made the mistake of going to Europe, from which he is originally sending his wife and six children to Chile; and they told him he couldn't come back. The Council of Churches is raising hell about this.

I would like to say quietly: This is really not helpful as far as the United States and our position is concerned.

Secretary Kissinger: But now can you explain one other thing to me, Bill? Why is it that our Ambassador in Chile should share the same impression that I do—that we're dragging our feet on everything? I saw a cable from him this weekend.

Mr. Rogers: On the cash sales?

Secretary Kissinger: Yes.

Mr. Rogers: The basic problem is our friends over at the Pentagon.

Secretary Kissinger: Yes, but isn't it also true that if you drag your feet much longer it will be cut off legally?

¹ Summary: Kissinger and his staff discussed human rights abuses in Chile and military assistance for the country.

Source: National Archives, RG 59, Transcripts of Secretary of State Kissinger's Staff Meetings, Lot 78D443, Box 8, Secretary's Staff Meetings. Secret. Kissinger chaired the meeting, which was attended by all the principal officers of the Department or their designated alternates. The reference to "Mission Friends" in this document is an incorrect transcription of a reference to Lutheran Bishop Helmut Frenz, whose residency permit had just been revoked by the Chilean Government for "anti-patriotic activities and for gravely endangering the public security and peace." (Telegram 6670 from Santiago, October 3; *ibid.*, Central Foreign Policy File, D750344–0601) "Four toes" is an incorrect transcription of "four TOWs," a reference to anti-tank weaponry. The time at which the meeting began is not recorded, but it ended at 9:06 a.m. In Section 502(b) of the amended Foreign Assistance Act of 1974, Congress instructed the President to reduce or terminate assistance to any government which engaged in a consistent pattern of gross violations of human rights. On October 7, Rogers informed Popper that in an October 2 lunch meeting with Trucco, Rogers had reinforced Kissinger's comments to Carvajal during the September 29 Kissinger-Carvajal conversation, in particular that the administration would probably not request FMS credits for Chile from Congress. (Telegram 238245 to Santiago, October 7; *ibid.*, D750346–1211)

Mr. Rogers: No. Kennedy's legislation won't even go in—I mean, many weeks from now—and final action on the thing will be action—it will be part of the Foreign Assistance Act. You're not going to have special legislation on that before the Act itself goes through. But the answer to the question—

Secretary Kissinger: But what is it that holds it up at the Pentagon? I can see people saying they're against it, but what can the Pentagon be holding up?

Mr. Rogers: The definition of the package.

Secretary Kissinger: I mean, what's the dispute between four TOWs and three half tracks? What is the dispute? Besides they're paying for it, aren't they?

Mr. Rogers: Right.

Secretary Kissinger: Why can't they define their own package?

Mr. Rogers: I had lunch with Trucco last week and I said, "Give us your definition of the package."

Secretary Kissinger: Then who's holding it up—Trucco or the Pentagon or we?

Mr. Rogers: We are not. No—we really aren't.

Secretary Kissinger: But if they apply to the Agriculture Department by mistake, we won't correct it until we find out; right? (Laughter.)

Well, there must be something wrong if in four months they can't produce orders for ten million dollars.

Mr. Rogers: No, no. It's one week, really. The decision in principle was met last week to go ahead with the cash sales. That was the first time the decision was made.

Secretary Kissinger: It's the first time that I didn't understand. I thought the decision was made last July.

Mr. Rogers: On cash sales? No.

Secretary Kissinger: Well, what is it that Popper is complaining about—that if we drop them out of the OAS, Bill, they'll consider that very seriously?

Mr. Rogers: Yes. But if we solace them—

Secretary Kissinger: But why do we have to solace them? They'd rather be defeated in Congress than be dropped out by us?

Mr. Rogers: That's what Popper says, and I don't believe it.

Secretary Kissinger: Well, that's capable of objective determination; isn't it? Why should we not put them in if they'd rather be defeated by the Congress?

Mr. Rogers: Well, because they are not the only ones that are going to be defeated by Congress, if you go to the mat of Congress on this issue.

Secretary Kissinger: You don't have to go to the mat. They knocked it out last year without defeating anybody else.

Mr. Rogers: Well, Congress, quite frankly—a lot of people in Congress would like to have it in there just in order to have a target to shoot at.

Secretary Kissinger: That's not true. The target they want to shoot at is the Chilean Government. And if you take this target away from them, they'll go after PL-480 or something else.

Mr. Rogers: Well, they'll try that anyway.

Secretary Kissinger: Well, in that case you're not going to deflect the people that are anti-Chile by taking it out yourself.

Mr. Rogers: You're not going to deflect anti-Chile. What you are going to deflect is the possibility that they attack you and this Department for abrasing these Chileans.

Secretary Kissinger: They're going to attack me, and they're going to attack me on Chile anyway. That's part of the game now. And if the Department can't take some heat, then I feel sorry for it. The Department is going to take hundreds of the heat that I'm going to take. So if that's the consideration, then we're not going to be attacked. We're going to be attacked for PL-480, for anything else. That's the name of the game now with Chile. That's how you move your morality.

Mr. Rogers: We have a defensible proposition, the collapse of—

Secretary Kissinger: We have a defensible proposition with FMS by pointing out that it creates such an enormous equality in that area and that if things ever blow that area we're going to wind up again with a radicalized military.

Mr. Rogers: Politically—with the Congress of the United States.

Secretary Kissinger: Let them vote against it. They voted against it last year, and we also knifed it.

Mr. Rogers: But my judgment certainly is: Very strongly, we're going to have a lot more defensible position if we go for PL-480 and economic assistance.

Secretary Kissinger: Except you'll never get military assistance started again because a lot of people are against it anyway—to any Latin American country, to any country. They'd like us to be in the position, even though it is clearly demonstrable, that military aid gives you five times the leverage that economic aid does—it's incomparable more. The theory is that economic aid is good and military aid is bad.

Mr. Rogers: Well, that's an argument for Hartman to make in this case of what have we got that military assistance has been providing?

Secretary Kissinger: We got rid of Allende, for one thing.

What we have gotten for economic aid would be provided.

Mr. Rogers: That's right too.

Secretary Kissinger: It depends on what you get. What's your definition of getting something?

Mr. Rogers: There's been no action on the human rights thing.

That's not the thing. The basic position posed by Chile is, even if you are in the Parradine case, in the perception of most Congressmen, are you going to relate or hinge human rights performance with military assistance?

Secretary Kissinger: That's an interesting question, but I ought to be told that that's what we're operating under.

Mr. Rogers: Pardon me?

Secretary Kissinger: But that ought to be brought to my attention—that this is the operating principle of the Department—which it hasn't been while I've been here.

Mr. Rogers: The question isn't whether or not it's the operating principle of the Department. The question that Congress is asking is: Are you ever, in any case, going to make the linkage? And the Chile case presents that issue in principle.

Secretary Kissinger: Together with 30 other countries in the world—Saudi Arabia—

Mr. Rogers: Right.

Secretary Kissinger:—Iran.

Mr. Rogers: Then the argument becomes, on the other side: If you give here, you've got to give—

Secretary Kissinger:—Gulf states, Kuwait—do they have such great human rights performances? If you once establish that principle, that's an important question to decide; and you just can't slide that through. I mean, if I read that cable by accident, I would have thought that the Chileans liked it that way. And if that's the case, you're not making any point.

Mr. Rogers: That's the case that the Congress wants.

Secretary Kissinger: The Congress—our case is to do what's best for the country. The Congress can then vote whatever it chooses. We're not in the business of psychiatric second-guessing of what the Congress might want to do. We put up what we think is right. Let the Congress vote it down.

Mr. Rogers: Oh, I agree with that.

Secretary Kissinger: And we can determine the intensity. It's not such a simple issue on whether you link human rights issues to military sales—not at all a simple issue.

Mr. Rogers: I agree with that.

Secretary Kissinger: And once you establish that principle—first of all, you have to determine what the human rights issue is in Chile

that distinguishes it from 30 other human rights issues around the world. Is it significantly better or worse than Kenya, to which we're starting a program now? Is it significantly worse than Zaire? Is it significantly worse than the Gulf states?

Mr. Rogers: I thought the answer to that question was the purpose of this elaborate exercise the Department has been going through in the last two or three months in terms of analyzing all the human rights practices.

Secretary Kissinger: I don't know what the Department is going through. It hasn't been discussed with me. It is not clear to me that we're going to link military sales to human rights issues. Military sales are basically linked to the defense of those countries and whether the defense of those countries is in our interest.

Anyone who wants to join a missionary organization should wait for the next Secretary of State. That's not what we're doing foreign policy for—in the absence of some overriding case. It has to do with the defense of those countries, whether that defense is in the national interest of the United States. That's what we're selling arms for.

Mr. Maw: We have done—

Secretary Kissinger: If they have gas chambers, that's another matter.

Mr. Maw: We have done the exercise called for by 502(b), and all of our conclusions are that military sales requirements are paramount and they say we've taken into account the human rights situation in arriving at the levels proposed. We increased in Korea—

Secretary Kissinger: But that just isn't true.

Mr. Maw: We take it into account by saying—

Secretary Kissinger: It's not a borderline case of whether a country should or should not be because it doesn't have a defense problem—then I can understand it.

Mr. Maw: We don't have that.

Secretary Kissinger: Churchill supported the Soviets when he thought it was in the British national interest, even though he fought them all his life. I just don't agree. We're going down a slope here that's not going to be manageable. Even though we'll get Congressional applause for one year, after a year or two we will have set a principle that is going to be impossible to maintain.

Mr. Habib: Also, you shouldn't set it for one country and then not for another country.

Secretary Kissinger: If we once set it in one country that we're cutting off foreign military sales for because we don't like their human rights practices, how are we going to defend it in Korea?

Mr. Habib: In Korea they have a clearer issue than in Chile, by anyone's definition.

Secretary Kissinger: Indonesia?

Mr. Maw: It's very important in Indonesia.

Secretary Kissinger: It's important in Chile, for overriding reasons. If you have a military government and you deprive them of arms, you're getting them ready to be taken. And there's no sense kidding anybody about that. How can a military government survive that can't get arms? Do you have any ideas on who's going to follow them?

Mr. Rogers: The military government—(a)—has been blowing arms on the market; (b), we're proposing to sell them arms.

The question is whether or not to grant them military assistance in the form of credits or grants.

Mr. Maw: The strategy, I thought here, was we know we're going to lose in Congress—

Secretary Kissinger: I do not understand the impact in Chile. I thought this had been worked out with the Chilean Government to save them from Congressional embarrassment. That I can understand. I did not know it was going to be presented as our protest on the human rights issue.

Mr. Rogers: Going back to Popper's program, I had lunch with Trucco the next day. And I said, "I want to be sure that you and Carvajal understand exactly what the Secretary was saying, because I don't want it a week or two or three from now to hear this. It's a great sort of a problem for you." He said, "I understand. I will talk to Carvajal."

Carvajal is in New York. He talked on the telephone.

Popper hasn't talked to anybody about this.

Now, if it's a question of the Chileans, we can go back once more to be absolutely certain they understand, to be absolutely sure this is the better way to do it, rather than have them become the essential point of contention for a helluva political fight.

Secretary Kissinger: It won't be such a huge fight because the fight will be about Chile. They'll make a fight about Chile no matter what you put into this thing. I have just never experienced that with the Congress; it's not my experience.

Mr. Maw: Mr. Secretary, the thought was if you go in for some FMS, you know you're going to lose. And you lose at the same time the right to make sales.

Now, maybe we can salvage the sales rights. That's the hope by this tactic.

Secretary Kissinger: Then you're not making a human rights point—so, you know, you've got to make up your mind what the

argument here is. If you want to save sales—if you go in to the Congress and tell them “We’re trying to make a human rights point” you’re asking for them to cut off the sales.

If you’ve once granted the principle that you’re cutting off foreign military sales on human rights grounds, then it’s just an oversight that we are permitting cash sales.

Mr. Maw: It’s a risk.

Secretary Kissinger: It’s not a risk; it’s a certainty. What is the principle under which you’re then going to defend the right to make cash sales, except that they’re going to miss it?

Mr. Maw: Well, we know we’re not going to get FMS on the votes.

Secretary Kissinger: Well, we nearly got it last year. It wasn’t that far away last year.

Mr. Maw: We slipped through on the sales.

Mr. Lord: I thought the plan was that you were going to make strategy on reports—has that changed? Not cut any country out.

Secretary Kissinger: Except Chile.

Mr. Maw: Until this came along.

Mr. Lord: The last I saw, Chile wasn’t cut out either.

Mr. Maw: It happened since the report.

Secretary Kissinger: Well, what is the real reason though? The reason is Defense is getting out of its cotton-picking mind. Defense is tough on SS–19s but on nothing else. (Laughter.) Isn’t that the real reason? I mean, when we cut out all the baloney, isn’t it a fact that we don’t want to testify and that Defense doesn’t want to testify? Is there any other reason?

Mr. Rogers: On Chile for assistance?

Secretary Kissinger: Yes.

Mr. Rogers: Yes. The basic reason is the essential question: Do you want to continue providing assistance—grant and credit assistance—to that country, given the present political circumstances in the United States? You can justify cash sales, because that’s cash and carry.

Chile, if it wants to spend its own money, can provide for its own defense. You’re not essentially boycotting or blockading—

Secretary Kissinger: Can you avoid having that applied to any other country?

Mr. Rogers: The opening wedge. In my judgment you can.

The reasons are two: (1), Chile, I believe—although you may argue that Zaire is just as bad, is just as bad on the human rights as you can find—

Secretary Kissinger: I doubt it.

Mr. Rogers: Well, bad in a lot of ways, because of the fact that we have been cooperating with them very hard—making clear to them—

Secretary Kissinger: I doubt it, seriously. I'm not even sure whether it's, by orders of magnitude, worse than other Latin American countries. It just happens to be the focal point of left wing agitation.

Mr. Rogers: Look, you've got 4,000 political—

Mr. Habib: You've got 4,000.

Mr. Rogers: You've got a lot more political prisoners in Chile than you do—you're talking essentially about a thousand political prisoners in the United States.

Secretary Kissinger: How many do you have in Brazil?

Mr. Rogers: Not anything like that per capita.

Secondly, security interest in the United States—that's as marginal a case for security interest as you can find.

Secretary Kissinger: Except if the government is overthrown.

Mr. Rogers: Right. The possibility of a Portugalization of Chile is as close to zero as it is in any country.

Secretary Kissinger: Until the government gets overthrown.

Mr. Rogers: What?

Secretary Kissinger: Until the government gets overthrown.

Mr. Rogers: Who's going to overthrow it? The terrorists are cleaned out. There are no serious terrorists in that country.

Mr. Maw: Those that aren't driven out are in jail.

Secretary Kissinger: What?

Mr. Maw: Those that aren't driven out are in jail.

Secretary Kissinger: You better let me think about this again. I just didn't understand what we were doing. I think I'd rather have the Congress knock it out.

Mr. Rogers: O.K. Do you want to take another look at the paper we have?

Secretary Kissinger: Absolutely.

It's one thing to say we're not going to go on the barricades for it. I can see where we knock out grant aid, but I want to get a confirmation of whether Carvajal understands what we're talking about.

Mr. Rogers: O.K.

Secretary Kissinger: We can never get it started again. Under these conditions they'd have to have a better human rights record than we before we can get it started again.

Mr. Rogers: Carvajal will be in Washington Tuesday or Wednesday. I'll talk to him.

Do you trust me?

Secretary Kissinger: Not completely. (Laughter.)

204. Memorandum of Conversation¹

Washington, October 6, 1975, 9:20 a.m.–10:23 a.m.

PARTICIPANTS

President Gerald R. Ford

Dr. Henry A. Kissinger, Secretary of State and Assistant to the President for
National Security Affairs

Lt. General Brent Scowcroft, Deputy Assistant to the President for National
Security Affairs

Kissinger: I had opposed not putting Chile on the FMS because it would be knocked off. Now State wants to list them as non-complying with human rights and that is why they were knocked off. Now I think we should put Chile back on and let Congress knock it off. I don't think we should link FMS with human rights.

The President: I agree. That would be setting a very bad precedent. It could be applied almost anywhere.

[Omitted here is discussion unrelated to Chile.]

¹ Summary: Kissinger and Ford agreed that the administration should request Congress for FMS credits for Chile.

Source: Ford Library, National Security Adviser, Memoranda of Conversations, Box 15, Ford, Kissinger, October 6, 1975. Secret; Nodis. In a telephone conversation at 8:10 p.m. on October 6, Kissinger told Rogers that he opposed making an issue of FMS sales to Chile under Section 502(b) of the 1974 Foreign Assistance Act. Rogers responded that, "we do not disqualify Chile under that [Section]," and that Chile was not slated to receive any FMS credits in any case. (Department of State, Electronic Reading Room, Kissinger Transcripts)

205. Transcript of Secretary of State's Staff Meeting¹

Washington, October 8, 1975, 8:08 a.m.

[Omitted here is discussion unrelated to Chile.]

[Mr. Rogers:] On Chile, I had a long meeting with the Pentagon yesterday. They want to get cracking on the sales program. They want to consult with the Congress beforehand. The question is that they—

Secretary Kissinger: That's another six weeks, right?

Mr. Rogers: No. It shouldn't be anything like that. There are just really three key people with respect to the issue who spoke to it on the floor during the debate on the Continuing Resolution—McClellan and Brooke, primarily—McClellan, who was for, having said the Continuing Resolution continued to furnish sales—and an erroneous statement. But the Pentagon feels, quite properly, they've got to consult with him.

Now, the packages that we have worked out—

Secretary Kissinger: Well, you know damn well that Brooke is going to say "No."

Mr. Rogers: Not if the Pentagon press is right—and they will. What we want to say is to clear the books of previous sales committed—sales which we were committed to.

Secretary Kissinger: Why do I have the uneasy feeling that you guys are euchring me step-by-step into an arms embargo on Chile?

Mr. Rogers: Well, you shouldn't. There's nothing malevolent with what we're proposing here.

Secretary Kissinger: No. But you're going to propose the arms cutoff on the 502, right?

Mr. Rogers: No, not on the 502.

¹ Summary: Kissinger, Maw, and Rogers discussed FMS credits for Chile. Rogers stated that in order to get congressional approval for the administration's foreign assistance proposals, it should not propose FMS credits for Chile.

Source: National Archives, RG 59, Transcripts Kissinger Staff Meetings, Lot 78D443, Box 8, Secretary's Staff Meetings. Secret. Kissinger chaired the meeting, which was attended by all the principal officers of the Department or their designated alternates. In his October 8 conversation with Carvajal, Rogers stated that if the administration proposed FMS credits for Chile, Congress would deny the request. Carvajal and Rogers agreed that the U.S. Government should refrain from proposing FMS credits for Chile in order to prevent a fight that might prevent sales from going forward. (Ibid., Central Foreign Policy File, P810150–1158) On October 8 Rogers sent Kissinger a memorandum informing him of his conversation with Carvajal. (Ibid., P830035–1082)

Secretary Kissinger: But that's how it's going to be leaked. Then you're going to say you're clearing the books on sales. After that, nothing will be done; then we have an embargo—right?

If the only reason you're going to sell is on the ground that it's already been committed, if you're not going FMS on the ground—which I'm sure will get around—that it's the first victory for 502(b), how are you going to resume? That's what's going to happen, you know.

Mr. Maw: You're not cutting off sales entirely.

Secretary Kissinger: On the ground that these were things that were ordered before.

Mr. Maw: No. Sales generally.

Mr. Rogers: Sales generally.

Let me restate what I was saying. What is going forward is, (1), to clear the books of all the stuff that had been ordered beforehand and to propose an additional package. Clearing the books is 60 million dollars' work. It's a helluva lot of stuff. It's reconfiguring the F-4s. It's all the munitions for the—

Secretary Kissinger: What—so they don't shoot?

Mr. Rogers: They don't now. That's the problem. And it's also the—

Secretary Kissinger: I had the impression that Chile is being thrown to the wolves. I do not know why I do have that impression.

Mr. Rogers: If anybody was trying to play ducks on this measure, they would have leaked the issue long ago.

Secretary Kissinger: No, not as long as they've got it blocked in the bureaucracy—which seems to have happened for a month.

Mr. Maw: It's still sitting—

Secretary Kissinger: That's right.

Mr. Maw:—until you release it.

Secretary Kissinger: I've been releasing it since July once a week. (Laughter.)

Mr. Rogers: The Pentagon is prepared to go. They want to talk to the Congress with respect to the past sales—

Secretary Kissinger: What do you think Brooke is going to say? I'll tell you what Brooke is going to say. That's a mental riot. What do you think Brooke is going to say? Do you think Brooke is going to say: "Good. That's exactly the proposition I've been waiting for"—

Mr. Rogers: No.

Secretary Kissinger:—or he'll rush out on the Senate floor? I'll tell you what his constituency wants him to say: "That's a great way to get campaign votes for nothing."

Mr. Rogers: And the alternative is to go ahead with consultation on that, and the Pentagon is vigorously opposed to that.

Secretary Kissinger: But why didn't they consult six weeks ago, two months ago? This issue is not new. Why did we wait for three months, only to conclude that now we've got to start the process of consultation?

Mr. Rogers: No. Part of the reason was—

Secretary Kissinger: I know it's unfair of me to think there's foot-dragging when things like that go on.

Mr. Rogers: Look, the bureaucratic decision of getting the foot-dragging settled has been settled. It's part of the problem of getting that whole package through.

Secretary Kissinger: But part of the package was turned down. Who was in favor of the FMS thing?

Mr. Rogers: To give FMS credit?

Secretary Kissinger: What time did it take not to give them FMS? If I judge the bureaucracy correctly, two seconds.

Mr. Maw: It was not settled until your talks with the Chileans.

Secretary Kissinger: But it didn't take time, for God Sakes. It wasn't settled. I didn't want it. I was sort of maneuvered into it. It's totally against my policy and you know it.

Mr. Maw: Once you got maneuvered into it, then it came out of the papers—

Secretary Kissinger: You know it's against my policy. I really resent Bureaus maneuvering me that way.

And if you may think it's wrong, then state a different view. I do not believe it is proper to use our military—our military sales are either because they're for our security or they are—if we once get into other criteria, we're licked.

Mr. Maw: And they're doing the same thing now on economic aid, and someone is approving that bill up there on human rights grounds.

Mr. Rogers: The issue is, very simply: Do you want to take the Congress on with respect to credits on farms or on Chile?

Secretary Kissinger: In fact, you could make an equally good case that if you let them win on FMS that they've got their pound of flesh. They're going to get their pound of flesh.

Do you think that Chile will sneak through the Congress? There are only two ways. (1), we can say that we've dropped them from FMS because we find their human rights things are repugnant. "Therefore, you've got your pound of flesh. Therefore, don't take any more"—that's one way of doing it—or to say our position on FMS is given on the grounds of security. Therefore, let them link it to human rights as their responsibility and knock it out.

If we don't, do you not think we're going to have a human rights thing on Chile up on the Hill?

Mr. Rogers: Of course they are. My own assessment is as a matter of straight, raw politics: You have a better case of keeping the sales program alive if you don't go for credits. That's what it comes down to.

Secretary Kissinger: That's an argument that's perhaps possible, but not the way this thing is going to wind up being played.

Mr. Rogers: But we don't play it that way. The only thing that we're proposing to do now with respect to the credit issue is Chile. That's going up in the next day or so.

Secretary Kissinger: It's not going up with my approval.

Mr. Rogers: No.

Secretary Kissinger: There should be absolutely no misapprehension about it. And I am perfectly capable of sitting on it for six weeks.

Mr. Maw: It holds up the Mideast and everything. The Portuguese will be pulled out. We're trying to send some papers through separately, and OMB is raising hell about it this morning. But we've got to release our Mideast package. We've got to release a lot of others. We're getting a lot of flak, and the only unsettled question at the moment is Chile.

Secretary Kissinger: Which I never had a chance to focus on.

Mr. Maw: Well, last Monday we stopped it when it was going through with no FMS. You said you wanted another look at it.

Secretary Kissinger: Yes. But I ought to be in on these decisions much earlier.

Mr. Rogers: No decision was made. It hadn't matured, really, until a couple of days before you and I talked about it in New York. Nobody was trying to do anything behind your back. No decision was made.

Secretary Kissinger: How did it mature? What's the definition of "mature"?

Mr. Rogers: Well, it's only by then that all the relevant Bureaus of the Department came together in a proposal to you, which was made available in a memorandum to you last week. You and I talked about it in New York.

Secretary Kissinger: The relevant Bureaus can just as well get together six weeks earlier, because all they do is weep around with each other so that they can finally make a compromise.

Mr. Maw: All Bureau work had been done on every one of these items, holding it up on Chile to make a decision.

Secretary Kissinger: But what inspiration were we looking for, and what was it that we gained by waiting six weeks on Chile? What fact was missing that we needed?

Mr. Maw: Because we couldn't go with Chile until the Mideast package was settled, so everything was held up at once.

Secretary Kissinger: Why was everything held up at once?

Mr. Maw: You have to have a number that adds up to the total budget approval.

Secretary Kissinger: The fact that OMB can't decide earlier doesn't mean—

Mr. Maw: We've got money in various other corners, which we allocate to Chile—if that's the decision. It would still add up to the total number, but we have to go forward this week with that package. We're having trouble now getting the Portuguese cleared.

Mr. Rogers: My basic argument is you go and propose 20 million for credits and Chile and I think you're really closing the door with respect to possibilities. I propose zero for Chile to go with the sales, and I think we have a fighting chance of getting it through.

I'm meeting with Carvajal this afternoon. I talked with Trucco; on Monday I went over the ground with him again. I said, "Look, we want to be sure what your opinion is. Do you want politically for us to take that fight on with respect to credits now, or do you feel that that's a less attractive alternative to you than just sticking with the sales—the cash sales?" He said his judgment is—and I'm talking with Trucco and Carvajal again on the telephone—that he would just as soon avoid the fight with respect to the credits. I said, "O.K. I want you to understand this, and let's talk about it again."

Secretary Kissinger: Would we threaten to cut off PL-480 if they didn't? (Laughter.)

Mr. Rogers: I will see him [at] 4 o'clock again this afternoon, and I will give you a report on that conversation.

Mr. Maw: As soon as you have that, let me know what the answer is so I can send it over to the White House.

Secretary Kissinger: I haven't seen it.

Mr. Maw: Yes, you've seen it, except with respect to Chile.

[Omitted here is discussion unrelated to Chile.]

206. Memorandum From Stephen Low of the National Security Council Staff to the President's Deputy Assistant for National Security Affairs (Scowcroft)¹

Washington, October 8, 1975.

SUBJECT

Chile Arms Transfers

After some lengthy meetings I think the Chile arms problem is under control. The understanding between me, State and Defense is as follows:

A) The 1976 FMS proposal will contain no allocation of grants or credit for Chile.

B) State agrees to begin arms sales as promptly as possible and will so indicate to Defense by means of a letter from Carl Maw to General Fish. Both Departments understand that Congressional consultation will have to precede these sales. State agrees that the objective is eventually to supply the FMS credits contracted for by the Chileans in 1975 before the restrictions were placed on them by the Congress and to add a few new items. This could amount to as much as \$90–\$100 million, but Defense understands that this is a goal and that we will only go to Congress with a small package in the beginning.

C) Defense would like to have its request for an SRG remain on the books. As soon as sales get underway it will formally request to have it withdrawn. Until then it understands that we will not act on it.

For the moment nothing is required of you. I will continue to follow this.

¹ Summary: Low informed Scowcroft of the particulars regarding the decision to sell arms to Chile.

Source: Ford Library, National Security Adviser, Presidential Country Files for Latin America, Box 3, Chile 2. Confidential. Sent for information. Scowcroft wrote "OK" and initialed the memorandum. Attached is an October 9 covering memorandum, in which Rogers informed Maw that "Defense is firm that the [Chilean FMS] proposal should be vetted with some of the Congressional leadership beforehand." (National Archives, RG 59, Central Foreign Policy File, P830108–2107) On October 11, Maw sent a letter to Fish indicating that the Department of State concurred that FMS arms sales agreed to between July 1 and December 30, 1974, should proceed, with the understanding "that actual delivery of items is to be withheld pending completion of successful joint DOD/State consultations with Congress." (Ibid., P830108–2106)

207. Intelligence Memorandum 0767/75¹

Washington, October 21, 1975.

Chile After Two Years of Military Rule

Political Outlook

The military junta that replaced Salvador Allende remains solidly in control after completing two years in power on September 11. There is every reason to expect that the junta, or something like it, will still be running Chile two years hence. Neither its status as an international outcast nor the grave economic and social problems it must deal with have produced any substantial wavering in the Pinochet government's determination to follow the course it has marked out. In essence, this calls for maintaining an authoritarian style of rule and setting its own pace for any easing of security measures or of restrictions on political activity. Pinochet's reported ouster of four influential civilian advisers—all exponents of the hard line—may be a first step in the direction of a more moderate approach.

The regime still commands the backing of the influential upper classes and a majority of the middle and lower middle classes. The people of the poorest economic strata, who supported Allende so stalwartly, have been rendered apathetic by their preoccupation with the struggle to survive and intimidated by their fear of the armed forces. The political parties have largely been silenced; those on the left have been outlawed and the others have been "recessed." Despite strong support from Moscow and Havana, Chileans in exile abroad pose no direct threat and many concede that they have little hope of overturning the government. Unity within the armed forces seems assured as long as Pinochet can avoid a further serious deterioration in the political or

¹ Summary: The CIA memorandum concluded that continuing international pressures on Chile to curb human rights abuses would only produce a token response by Pinochet. Because of these abuses, it was unlikely that the U.S. Government would provide significant military assistance to the Chilean Government.

Source: Ford Library, National Security Adviser, Presidential Country Files for Latin America, Box 2, Latin America—General 3. Secret; [*handling restriction not declassified*]. A typed notation at the bottom of the first page reads: "This memorandum was prepared by the Office of Current Intelligence with the assistance of the Bureau of Intelligence and Research, Department of State, which concurs in its principal judgments. Comments and queries may be directed to [*less than one line not declassified*] of the Office of Current Intelligence, code 143, extension 5115. Written in an unknown hand on the cover page, not published, is, "Stephen Low NSC." In telegram 6841 from Santiago, October 10, the Embassy provided a review of the Chilean political situation since Pinochet took power, concluding that despite international pressure on the regime to improve its human rights practices, it would not make significant improvements. (National Archives, RG 59, Central Foreign Policy File, D750353-0435)

economic situation. We do not foresee things worsening to the point that the unity would be threatened. There is, in sum, no base of opposition from which a successful challenge to the authority of the present regime could be launched.

For the first time since seizing power, leading military officials apparently are beginning to discuss the country's political future—a subject that had been shunted aside by the moratorium on all political activity and the need for emergency economic measures after the coup. Growing international criticism and a few encouraging economic indicators may be prompting President Pinochet and his advisers to give more thought to the kind of political structure they want to establish in place of what they have termed an outmoded system of “unrestricted ideological pluralism.” Their ideas about what should transpire in the years ahead are vague, however, suggesting that the path toward any sort of institutional reform will be long and arduous. Pinochet has frequently asserted that the armed forces should not relinquish control for some time to come, and he has still not outlined a timetable for political “normalization.”

Contradictory statements by various government spokesmen suggest that there is little consensus about what type of political and legal system should be created. A commission has been at work since November 1973 drafting a new constitution to replace the 1925 document, but completion is evidently a long way off. Pinochet has announced that provisional constitutional statutes in certain specific areas are in preparation. Although some officials anticipate a constitutional referendum before 1980, their optimism may be premature.

Pinochet provided his thinking on Chile's future political structure in a televised interview in September. The president said that under a new constitution he saw room for no more than three political parties. He clearly intends to exclude the Communists, Socialists, and far leftist factions of other parties. Senior army generals have raised the possibility that these parties would represent the conservative, centrist, and moderate leftist segments of the political spectrum. Pinochet's statements cast some doubt on whether this last category would include the Christian Democrats, the country's largest and best organized political entity. What does seem certain is that the military will set strict guidelines for overseeing any future political process. To avoid what Pinochet termed the “unrestricted ideological pluralism” of many small parties, a substantial minimum registration would be required for legal recognition.

Some political exile groups, notably the less extreme members of Allende's former coalition, have reached an agreement with left-wing Christian Democrats to organize a united front. This unity will probably enable them to capitalize on the widespread anti-Chilean sentiment

abroad in hopes of undermining the regime at home. The exiles probably cannot mobilize much support within Chile, and their propagandizing will amount to more a nuisance than a threat to the junta.

The government's outlawing of the leftist parties that supported Allende and the ban on all political activity by the remaining parties have squelched any well-organized channel of domestic criticism. The moratorium has posed a real dilemma for the Christian Democrats. If they refrain from any political role they risk becoming atrophied, while on the other hand a position of outright defiance could provoke total proscription. Party leader and former president Eduardo Frei has tried to avoid a direct confrontation between the party and the government, but his statements and those of other party functionaries have bordered dangerously on the limits of criticism tolerated by the junta. Extreme right-wing advisers have urged Pinochet to ban the party, but he has preferred to preserve the fragile *modus vivendi*, probably to avoid inciting additional censure from European countries where the Christian Democrats have influential friends.

Pinochet's recent proposal to form an advisory council of state that would include all former presidents, as well as other prominent citizens, can be viewed as primarily an effort to mollify foreign critics of the regime's anti-democratic practices. Frei would not participate without clear cut guarantees of an early return to democratic rule, however. And that appears increasingly unlikely in view of Pinochet's categorical rejection of any reversion to the status quo ante. This viewpoint was further highlighted by the government's stinging rebuff to recent statements by party leaders indicating a desire to reach an understanding with the military regime. What Pinochet may have in mind is to divide the Christian Democrats and at the same time make it impossible for them to cooperate other than on his terms. If Frei rejects the invitation to join the council, Pinochet can then proceed without the Christian Democrats, putting the blame on them for being obstructive and uncooperative. The council, which in any case is not expected to wield much influence, might then emerge as a handpicked body of sycophants.

Some reports claim there is widespread sentiment within the armed forces for broader civilian participation in the government. As in other policy areas, a division of views probably does exist within the junta on the desirability of a move in this direction. Civilian advisers, particularly those on the economic team, already play a significant role in some aspects of policy making, but the military dominates the cabinet and much of the bureaucracy. Military leaders are likely to give continued lip service to this idea, but the paucity of "nonpolitical" civilians will retard any strong shift toward greater civilian encroachment in the administration. Some cosmetic changes may be made in response

to continued international pressures on Chile, but the armed forces—and the army in particular—are not likely to yield their prerogatives in key areas of responsibility.

Disagreements within the junta, which nearly erupted into an open clash in August between President Pinochet and General Leigh, the air force member of the junta, have been smoothed over for the moment. Pinochet apparently bowed to the demands of his three junta colleagues and agreed to consult more regularly before making important decisions and appointments. Although tempers have been cooled, the apparent strong differences between Pinochet and Leigh will very likely put them at odds again. While General Leigh's outspoken statements to some extent represent a devil's advocate role, he also resents Pinochet's tendency to run a one-man show with little respect for the views of his ostensible partners. He has repeatedly stated that the government must show more concern for the impoverished sector of Chilean society. His recent comments suggest that he is trying to put some distance between himself and the president by advocating more relaxed economic and political policies. Leigh's candid remarks have frequently antagonized the President, but the latter has compromised where necessary to preserve the unity of the junta. Pinochet obviously is loath to present a divided face to a generally hostile outside world at a time when the government still has more than enough problems to deal with.

Despite these internal differences, it appears now that there will be no major shifts in the junta's basic outlook. Its composition may change in time, but Pinochet seems assured of his primary position. Navy dissatisfaction with the performance of junta member Admiral Merino, who has been notably inactive, may result in his replacement at some point. Leigh might also consider resigning or leaving the government if disagreements with the President become irreconcilable. There is at least a remote chance that the navy, air force, and Carabineros will gradually relinquish all political activity and, in essence, leave Pinochet and the army in charge of the government. In no case, however, do we anticipate a change in the army's predominant role.

Opposition to the military government from the remnants of leftist groups remaining in Chile is largely checked by the vigilance of the security forces. The controversial Directorate of Intelligence (DINA) has clamped down sternly on all potential and real dissidents. DINA's heavy-handed methods, the source of much of the furor over human rights abuses, make it unlikely that anything more than occasional minor acts of terrorism or sabotage will disturb the present tranquility. Indeed, the absence of significant armed opposition to the regime and the international clamor over internal security practices seem to be slowly drawing high officials into curtailing the activities of the anti-subversion agencies. Pinochet recently ordered the circulation of a

secret decree demanding compliance with existing procedures for detentions throughout the country. The action reportedly came after an investigation verified that maltreatment of prisoners is continuing and that people are being arrested and imprisoned without notification of their relatives.

The excesses of security forces have stimulated wide expressions of international concern, but there have been few echoes at home, except among the church hierarchy and the recessed political parties. Whatever doubts Chileans may have about the propriety of their government's behavior, they tend to consider it a domestic affair and resent any outside interference or questioning. Nevertheless, a few notable voices are being raised in favor of greater liberalization. General Leigh has expressed his own conviction that the government should undertake a process of "détente" and has argued against holding political prisoners indefinitely or jailing anyone on ideological grounds.

With little appreciation for the international repercussions, however, the government continues to take steps that are certain to create unfavorable reactions. After a dozen former Allende officials were released on September 12, it was revealed that some charges were still pending against them. Now the navy has begun a secret trial against nine individuals—including some of those released in September—on charges of subversion. If indictments are made, the case is likely to become a cause célèbre to rival the controversial 1974 air force trials. The inclusion of Luis Corvalan, secretary general of the outlawed Chilean Communist Party, will provide Moscow and Havana with renewed ammunition for their attacks on Chile.

The measures Pinochet announced recently to put his government in a better light have done little to quiet even his mildest critics. The decision to reduce the state of siege is no more than a gesture; it is supposed to allow limited review by civil courts of cases previously considered by courts-martial, but it could easily be circumvented. Unless the government shows a genuine determination to abide by measures designed to limit abuses of its arbitrary power—and so far it has not—it cannot expect to inspire confidence about its intentions.

Economic Outlook

Chile is still struggling through an agonizing period of economic readjustment to overcome the problems inherited from the Allende era and even before. The difficulties are staggering, for Chile must deal with an inflation rate that is one of the world's highest and a serious balance-of-payments problem brought on by sharply reduced world copper prices and costly imports of foodstuffs, petroleum, and capital goods. Government economists are issuing optimistic forecasts that some improvement is in sight, but the government's ability to make a

go of its economic strategy will depend a great deal on the general pace of the world-wide economic and industrial recovery.

Meanwhile, the high social cost of the government's austerity program is worrying those military leaders who are most apprehensive about the regime's ability to cope with the social dislocation caused by the deflationary program. Unemployment, for example, is up from 10 percent in late 1974 to an estimated 18–22 percent in recent months. While the government has sought to alleviate suffering among the lower classes by making periodic wage readjustments and maintaining low-cost public service employment projects, these palliatives have barely touched the more glaring problems. The past winter has caused severe hardship, particularly among the lower classes.

Among the negative projections, industrial output is expected to drop 20 percent for the year and a slump in domestic demand will reduce real GDP by 10 percent in 1975. The low price of copper on the world market—it dropped from an average of 93 cents in 1974 to an average of 57 cents so far this year—is the most important reason for the country's failure to increase export earnings and reduce its foreign debt, which now totals almost \$4 billion. Brazil's reported decision to increase copper purchases from Chile and the likelihood of Brazilian investment in Chilean copper mining enterprises might bring some relief. In any case, copper production is not likely to increase much in the short term. Production is expected to slip nearly 10–15 percent this year, mainly as a result of an agreement among producing nations to curtail shipments in order to prop up the world market price.

Even the positive side of the ledger shows only a few modestly hopeful signs. In recent months the annual inflation rate has been cut to half of 1974's level of 376 percent, but the trend could be reversed abruptly. Bringing inflationary pressures under sustained control will not be a quick or easy task. A policy of gradual devaluation probably will help curb Chile's endemic inflationary psychology in addition to stimulating non-traditional exports.

The government's restrictive fiscal and monetary measures have helped to restrain domestic demand and curb imports this year, perhaps by as much as 18 or 19 percent from 1974 levels. Food imports alone have decreased by 30 percent this year owing to a notable growth in agricultural production (6 percent since last year). These gains, plus a 30 percent annual increase in nontraditional exports, have encouraged the government to believe that it can slightly ease the balance-of-payments gap. Better prospects for 1976, however, will still be conditioned to some extent on a hoped-for moderate upturn in copper prices. Current indicators suggest that any increase will be modest at best.

The government is likely to succeed in trimming its deficit to 12 percent of expenditures this year compared with 55 percent in 1973

when it assumed power. The slash in public spending, however, is causing government investment outlays to shrink. In addition, uncertainty resulting from the anti-inflation program has made Chilean businessmen reluctant to undertake new projects. Private foreign investment inflows, on the other hand, have picked up slightly but are little more than a trickle at this point. Continued large capital flows from international financial institutions will be possible only if Chile can improve its international image.

We continue to believe that if the junta does not see substantial results from its austerity efforts by the end of the year, Pinochet will soon thereafter be casting about for possible new policies and new economic managers. As of now, however, we see at least an even chance that the current economic team headed by Minister Jorge Cauas will bring about enough of an economic recovery to guarantee retaining the basics of the current program.

International Outlook

Chile has had scant success in countering charges that it violates human rights or generating sympathy and support through diplomatic offensives and public relations campaigns. It is doubtful that Chile can expect much support at international forums, where it frequently is a target of condemnation by blocs of liberal and radical nations.

Leftists outside of Chile will never forgive the junta for overthrowing the first democratically elected Marxist government in Latin America and suppressing the political institutions that brought it to power. Allende's exiled followers form a permanent clique of living "martyrs" who manage to turn sympathy for the junta's executed and imprisoned victims into political opposition in Western capitals and much of the Third World.

Pinochet is aware of the high penalty Chile is paying for its poor image, but his actions suggest that this will not deter him from taking a go-it-alone position no matter what the costs. His last-minute decision to bar a UN human rights fact-finding mission in July hardened the negative international attitude toward Chile. Even nations nominally disposed to be cordial and impartial began to see Chile as the *bete noire* of international society. Predictions by Chilean diplomats that Pinochet's September speech would rectify this situation crumbled when he defended his decision to keep the UN group out of Chile and held out no hope for a change of mind.

The incident is receiving wide play in the current session of the UN. The highly unfavorable report of the UN Human Rights Commission contains shocking charges, and several Western European governments plan to sponsor a resolution condemning Chile's stand on human rights. There is little doubt but that this adverse publicity will further accentu-

ate Chile's ostracism and diminish its ability to attract credit, especially in Western Europe.

Continuing international pressures on Chile to change its ways may produce a token response as growing awareness of its isolation forces the junta to be more forthcoming. A hopeful sign was the recent release of a number of labor leaders who apparently had been arrested by security forces on spurious charges. Pinochet acted in this instance at the behest of US labor leader George Meany, who [*less than 1 line not declassified*] protested the action. It is also possible that more trenchant economic considerations, such as problems in renegotiating its foreign debt, will convince the regime that adoption of a more democratic orientation is in its own best interests.

Aside from the problem of overcoming its international isolation, Chile's major foreign policy concern is the perceived threat posed by Peru. Chile's northern neighbor has acquired a growing arsenal of weapons from the Soviets and has made rapid strides in improving its military capabilities. Anxiety over the possibility that Peru plans to avenge its defeat by Chile in the War of the Pacific (1879–1883) continues to dominate the thinking of military men in Santiago. War fever swept the border area a little over a month ago when it was rumored that Peru would strike if Chile ceded a tract of land to Bolivia in an area of former Peruvian territory. Tensions have largely subsided as a result of the change of government in Lima. The new Peruvian president, Morales Bermudez, is believed to be more level-headed than former President Velasco and less likely to engage in military adventures. Nevertheless, there is a lingering distrust of Peruvian motives, and Chile will continue to be preoccupied with building up its own forces, concentrating mainly on defensive preparations in the northern border area.

Chile has had little success in obtaining weapons abroad, and its luck is not likely to change soon. Most of the western governments that would be likely arms suppliers are disinclined to deal with the present military regime. Strong condemnation of Chile in the UN will further complicate difficulties in finding new sources of military assistance. Brazil has extended some help, but Chile is still far from fielding a force to match Peru.

Much of the concern about future Chile-Peru relations is now focused on the problem of Bolivia's quest for access to the sea. Chile agreed to negotiate the matter when diplomatic relations were resumed last February, and La Paz is pressing hard for an early settlement. Chile, meanwhile, probably has no intention of ceding territory and running the risk of alienating nationalist sentiment. Moreover, diplomatic flexibility is constrained by the terms of a 1929 protocol which requires Peruvian consent for any boundary rearrangement. Santiago

apparently is thinking along lines of granting greater communications, transportation, and port facilities to Bolivia, perhaps under some long-term lease arrangement.

The negotiations have only recently approached the stage of preliminary proposals, and Chile has indicated that it does not want to rush a solution. It is eager to retain Bolivia's good will in the event of conflict with Peru, but there is a limit to the price it will pay. Pinochet's reported proposal to give Bolivia control over a strip of land only if Peru can be persuaded to grant a similar stretch along its side of the border appears to be a well-calculated stroke to put the ball in Peru's court. Peru would almost certainly be unwilling to go along with such a scheme even though it has indicated support for Banzer's general objectives. As things stand now, there is a good chance that a stalemate will develop.

In the meantime, the danger of a clash between Peru and Chile over this or other problems will remain a distinct possibility. Chile can be expected to use every avenue to keep relations cordial, but there is always a chance that a diplomatic blunder or a minor border incident could blow up into a confrontation. Talks on arms limitation among the Andean nations have brought the two nations to the conference table to discuss acceptable limits on weapons procurement, but negotiations are likely to be prolonged and probably will not have much impact in stemming the headlong momentum toward acquisition of new and more advanced weapons. At best, these meetings will serve as a vehicle to allow both sides to talk and perhaps to lessen suspicions about each other's intentions.

Relations with the US have been cordial but somewhat strained. From Chile's viewpoint the difficulty stems from the US inability to respond to Chile's perceived needs, especially regarding weapons that Chile has sought to balance its currently unfavorable position vis-à-vis Peru. Chile's continuing excesses in the human rights area make it unlikely that increased US military assistance will be forthcoming. The Pinochet government still considers the US to be its major ally and hopefully the chief source of capital and technology, although the US trade and investment stake in Chile is now minor. However, growing frustration over a prolonged restriction of US arms assistance is likely to create bitterness in the months ahead.

Nonetheless, there is little chance that Chile's military leaders will find a viable substitute for the US even though they are looking actively outside the hemisphere for new friends and assistance. The most they can hope for is to ride out the current difficult situation with the expectation that an improvement in the economy and diminishing world interest in Chilean affairs will eventually bring greater support from the US and Western Europe.

208. Editorial Note

On February 28, 1975, Assistant Secretary of State for Inter-American Affairs William D. Rogers informed Secretary of State Henry D. Kissinger of congressional efforts to investigate past Central Intelligence Agency (CIA) covert operations in Latin America. Noting that such investigations could have “the gravest consequences” on U.S. policy in the region, and that “Chile would perhaps be the most colorful copy,” he concluded, “we must have some *modus vivendi* that will allow us to cooperate in the legitimate concerns of the Congress and still avoid the severe damage to our position in Latin America that more revelations and acknowledgements of past questions will entail.” (National Archives, RG 59, Central Foreign Policy File, 1975, P830122–0662)

On July 1, 1975, Senator Frank Church (D–Idaho) informed Deputy National Security Adviser Brent Scowcroft that the Select Committee to Study Governmental Operations with Respect to Intelligence Activities (the Senate Select Committee on Intelligence) would investigate cases of “covert para-military operations and covert political action operations.” With regards to Chile, Church stated that the Senate Select Committee on Intelligence would primarily examine “those covert action programs intended to affect the outcome of the 1964 and 1970 Chilean elections, as well as activities undertaken between 1970 and 1973 in Chile, and the rationale for these activities.” (Letter From Church to Scowcroft, July 1; Ford Library, National Security Adviser, NSC Information Liaison with Commissions and Committees Files, Box 6, Authority to Conduct Covert Actions.)

The Committee decided to hold open, as opposed to executive, sessions on CIA covert action in Chile from 1964. The administration was divided as to whether to support the Committee’s intent to hold open hearings. Director of the Bureau of Intelligence and Research William G. Hyland argued that if the administration cooperated with the Committee, the administration could “ride out as quickly as possible this adverse period which should end shortly and thus get the hearings behind us.” (Memorandum From Marsh to Ford, October 31; *ibid.*, March Files, 1974–1977, Box 59, SSC–Chile) Since the Committee planned to hold open hearings in any event, if the administration supported open hearings, Director of Central Intelligence William E. Colby could publicly state that the nature of covert activity was to support the Chilean democratic process. In addition, if the administration cooperated with the Committee in holding open sessions, the administration could limit the release of the names of Chileans who had worked with U.S. covert operatives.

However, Counsel to the President Philip W. Buchen, Counselor to the President John O. Marsh, and Attorney General Edward H. Levi,

Colby, and Scowcroft demurred. They argued that an open session would set a bad precedent, while having a "shattering effect on the willingness of foreign political parties and individuals to cooperate with the U.S. in the future on such operations." Ford decided to advocate holding executive sessions. (Memorandum From Marsh to Ford, November 1, *ibid.*, President's Handwriting File, Box 3, National Security-Intelligence) Therefore, CIA officials did not participate in the public hearings regarding covert action in Chile. (Letter From Rogovin to McFarlane, November 4; *ibid.*, Raoul-Duval Files, Box 31, CIA-Covert Activities)

In a November 19 Department of State staff meeting chaired by Kissinger, the Secretary asked Rogers about the impact of the release of the reports of the congressional investigations on inter-American relations. The Assistant Secretary replied the Latin American nations would respond, "'What kind of country is this? How can you do business with people like this who spill their guts all over the place?'" Later in the conversation, Kissinger summed up the impact of the reports as "a national disgrace." (Minutes of Secretary of State's Staff Meeting, November 19; National Archives, RG 59, Transcripts Kissinger Staff Meetings, Lot 78D443, Box 9, Secretary's Staff Meetings)

209. Transcript of a Telephone Conversation Between Secretary of State Kissinger and the Ambassador to the United Nations (Moynihan)¹

Washington, November 11, 1975.

[Omitted here is discussion unrelated to Chile.]

M: Right. One last thing. The question of Chile comes up tomorrow. The Department says we should vote with this resolution. Bill Rogers thinks it. Bill Buffum thinks it. We think it. I hope you will sign off on that because it will make things follow.

K: What resolution is that?

M: It says the practice of human rights in Chile—it says you haven’t done very good and to do better.

K: We are experts at undermining our friends.

M: Can I make this point? It has merit. I think the resolution is marginally justified. If we get this resolution passed I propose to make a speech on Thursday in the General Assembly. I will start off with how come the only thing the UN . . . about is Chile and South Africa and then make a case for Chile. Chile is the first country to consider letting the Human Rights Commission come. The Latin Americans will probably split about 7-7-7. The Western Europeans are solidly for it. If we aren’t for it I am afraid we will have problems with Fraser.

K: I will probably go along with it but I don’t like it.

M: But I think it is tactfully the way to go.

K: But when we get a Portuguese government in power in Chile we will be in a . . .

M: I agree. And I will make a speech on this behalf.

K: I will get Rogers to call you on that.

¹ Summary: Kissinger and Moynihan discussed an upcoming U.N. resolution on Chile.

Source: Department of State, Electronic Reading Room, Kissinger Transcripts. Unclassified. On November 10, USUN sent the text of the resolution which expressed distress at Chilean human rights violations and called for the Chilean Government to restore and safeguard human rights. (Telegram 5821 from USUN, November 10; National Archives, RG 59, Central Foreign Policy File, D750390–0598) Moynihan’s November 12 speech to the General Assembly is published in the Department of State *Bulletin*, December 15, 1975, pp. 867–871. On November 12 the resolution was adopted by a vote of 88–11, with 20 abstentions. (Telegram 5870 from USUN, November 12; National Archives, RG 59, Central Foreign Policy File, D750394–0552)

M: I will have to ask for a call by this afternoon.

K: I'll get him to call you by this afternoon.

210. Telegram 7681 From the Embassy in Chile to the Department of State¹

November 13, 1975, 1800Z.

7681. Subj: GOC Note on US Vote on Chilean Human Rights Resolution.

1. Following is informal Embassy translation of third person note (signed by FonMin Carvajal) handed to Ambassador by Carvajal Nov 13.

2. Begin text: The Ministry of Foreign Affairs presents its compliments to the Embassy of the United States of America and has the honor to refer to the vote cast on Nov 11 in the Third Committee of the United Nations General Assembly concerning the alleged violation of human rights in Chile.

3. With great surprise and disappointment the Government of Chile has noted that the delegation of the United States cast its vote on this occasion in favor of a draft resolution which from any point of view is unjust and is designed to support a biased and arbitrary report prepared by a working group of the Human Rights Commission. The text approved the committee, with the favorable vote of the United States, represents a clear intervention in the internal affairs of a member state, violates the principle of the juridical equality of states, and plays havoc with the most basic norms of law. In addition, it is manifestly discriminatory since there are several dozen countries, members of the United Nations, which are accused of violating human rights; the United Nations, however, has chosen to concern itself only with the Chilean case. Further, the bias with which the Third Committee has operated

¹ Summary: The Chilean Government expressed dismay at the U.S. Government's vote in favor of a U.N. resolution criticizing human rights practices in Chile.

Source: National Archives, RG 59, Central Foreign Policy File, D750395-1016. Limited Official Use. Sent for information to the U.S. Mission to the United Nations. In a November 13 conversation with Carvajal, who expressed dismay at the U.S. vote in the United Nations, Popper suggested that the junta "consider carefully what it might do to get out of its present dead end." (Telegram 7683 from Santiago, November 13; *ibid.*, D750395-1032) On December 22, after a meeting with Pinochet, Huerta held a press briefing and stated that the U.S. vote for the resolution could be explained by domestic U.S. politics and the personality of the U.S. Ambassador to the United Nations. (Telegram 8635 from Santiago, December 23; *ibid.*, D750446-0395)

becomes even more evident when it is considered that the text of the approved draft was printed and circulated before the Chilean representative was able to present the views of his country.

4. In any event, the vote of the United States delegation is not consistent with the excellent relations which exist between the United States and the Chilean Governments, nor with the cooperation which should exist between both delegations to the General Assembly on matters which affect the interests of our respective countries as well as on those of a general nature, as was shown in the case of the matter which concerned the Washington Government and was the subject of your Embassy's note 315 of October 22 (Chilean position on Zionism Resolution).

5. Therefore, the Government of Chile expresses its fervent hope that when the resolution approved by the Third Committee is considered by the plenary of the General Assembly, the United States delegation will reconsider its vote. Complimentary close. Santiago, November 12, 1975. End text.

Popper

211. Memorandum From Stephen Low of the National Security Council Staff to the President's Assistant for National Security Affairs (Scowcroft)¹

Washington, November 18, 1975.

SUBJECT

Our Increasingly Hard-Nosed Attitude towards Chile

In the past public criticism of the Government of Chile was largely confined to the Congress and the press. Increasingly, however, the Executive has been adopting hostile postures towards the Chilean Government both publicly and privately.

The first manifestation of this was our decision to strike Chile from the list of those countries receiving FMS for 1977. This was followed by the front page *New York Times* article based on a USUN source accusing the Chileans of selling their vote on Zionism. Then we voted in favor of the resolution condemning Chile for its human rights practices. Today (Tuesday) State instructed our Embassy in Santiago to present a note of protest to the Chilean Government at the Foreign Minister level. The instruction described a five-day delay in granting Consular access to an American priest as "completely unacceptable" and told the Embassy to state that we view such a delay as "outrageous." (Telegram attached.)

At the same time Senator Kennedy has introduced an amendment which would deny all arms transfers to Chile whether FMS or commercial sales, and including munitions control licenses.

As you are aware, we were successful in getting the Chileans to release three nuns and a priest who were returned to this country. Then we voted in favor of the resolution condemning Chile on human rights.

¹ Summary: Low informed Scowcroft that the executive branch of the U.S. Government was increasingly adopting hostile postures toward Chile.

Source: Ford Library, White House Central Files, Subject File, Box 12, CO 33 Chile, 10/1/1975-1/20/1977. Confidential. Sent for information. Scowcroft initialed the memorandum. Attached but not published is telegram 272701 to Santiago, November 18. On October 19, the *New York Times* reported a U.S. official's allegation that the Chileans had agreed with the Arab nations to vote for a draft U.N. resolution linking Zionism with racism in exchange for their support against charges of human rights violations. ("U.S. Aide Charges Chile Sold U.N. Vote to Arabs," p. 1) The Kennedy Amendment to the Foreign Assistance and the FMS Acts, introduced on November 11, stipulated that no military or security supporting assistance could be given to Chile, no sales of defense articles or services could be made to Chile, and no credits could be extended to or loans guaranteed for Chile for the export of arms. (Telegram 267844 to USCINCSO, November 13; National Archives, RG 59, Central Foreign Policy File, D750396-0802) In telegram 7509 from Santiago, November 7, the Embassy reported that the Chilean Government had agreed to allow the departure from the country of an American priest and three nuns suspected of harboring leftist terrorists. (Ibid., D750387-1111)

We may consider Chilean refusal to give us access to the priest unacceptable, but we should not be surprised.

212. Telegram 8493 From the Embassy in Chile to the Department of State¹

Santiago, December 17, 1975, 1821Z.

8493. Subject: Christian Democrats on the Offensive. Ref: A) Santiago 8347; B) Santiago 8385; C) Santiago 8386.

1. Summary: Christian Democratic (PDC) Secretary reports that party has prepared for distribution an analysis of Chilean situation and statement of position by ex-President Frei, which will attack government (hold this information until statement is released). PDC leaders are prepared for strong reaction; they even believe statement may catalyze change of GOC leadership. Embassy doubts government is in such straits, but believes publication will present government with unpleasant choice of ducking a hard-to-duck direct challenge, or taking counteraction which if characteristically insensitive could deepen its domestic and foreign isolation. End summary.

2. EmbOff Dec 15 had long talk with Rafael Moreno, Christian Democratic Party (PDC) Secretary (protect). Moreno had returned to Chile only a week earlier after two and one-half months abroad, principally in Brazil on private contract, but with two long sessions in Washington and New York, where he talked with wide variety of official, Congressional and private persons.

3. Moreno said that seen from abroad, he had had following principal impressions of Chile: (A) Economic situation is bad and shows little sign of improvement; (B) Relationship between church and state has become more difficult: Moreno was particularly impressed with

¹ Summary: The Embassy reported that a critical pamphlet by former President Frei would place the Chilean Government in a difficult position. The junta would have to decide between not responding to direct criticism or taking actions that would reinforce its isolation from Chilean civil society and the world community.

Source: National Archives, RG 59, Central Foreign Policy File, D750439–0286. Confidential. Repeated to La Paz, Lima, and Buenos Aires. In the pamphlet, Frei envisioned a majority of Chileans coming together in a democratic Chilean Government to form consensus on policy. (Telegram 8549 from Santiago, December 18; *ibid.*, D750441–0023) In telegram 686 from Santiago, January 27, 1976, the Embassy reported that although Frei's pamphlet criticizing the junta would add to its difficulties, there was no apparent weakening of the junta's control. (*Ibid.*, D760031–0692)

US church's strong support for Chilean colleagues and its criticism of GOC; (C) Swing of USG against Chile, as exemplified by favorable vote on UNGA resolution on Chilean human rights. Moreno said he had strong impression that USG would not backtrack from its new position.

4. In few intensive days since his return to Santiago, Moreno said he had talked with wide spectrum of opinion and arrived at following conclusions:

A) Economic situation is even worse than he had pictured while abroad. Lack of confidence has spread throughout middle-class, so that even formerly firm supporters of government now criticize economic program, although in general not yet criticizing government itself. Moreno said that lacking substantial increase in copper prices—and there is no sign of that—continuing present GOC economic policy will only drive Chilean economy further into the ground.

B) Church-State relationship is even more difficult than he had seen from abroad. Church will not challenge GOC openly, by for example mounting demonstrations in the streets. However, church hierarchy, clergymen and broad stratum of supporters are more and more decisively against government. He noted particularly that GOC (whatever the merits of the cases) had alienated important holy cross, Jesuit and Maryknoll orders as result of actions against MIR. He expected that current meeting of Episcopal conference in South of Chile would reject Bishop Camus' resignation as Conference Secretary (it has), and that a supporter of Cardinal would be elected President of Episcopal committee (this did not happen). Both would be identified with Cardinal Silva, whose firm line vis-à-vis the GOC was strongly supported by Pope Paul during Cardinal's recent visit to Rome. Moreno thought that Catholic laymen were increasingly sensitive to government's hard line policy.

C) Pinochet's position has become more individualized as he has emphasized his presidential authority. Appearance now is of a personal dictator who returned from what he saw as triumphal visit to Spain intending to impose a Francoist pattern on his country.

D) Partly as a result of Pinochet's more assertive position, Chilean Air Force is thoroughly out of sorts with Pinochet and the army, and almost ready to try something else. Navy also is alienated from Pinochet. Latter himself was rebuffed by General Arellano, who got away with it.

5. In addition to this analysis, Moreno noted signs of opportunistic swing by leading pro-junta newspaper "El Mercurio." Moreno said that PDC President Aylwin's statement on CIA and PDC (ref A) had been published in "Mercurio" at express order of Director Rene Silva, and against advice of senior editor Arturo Fontaine, who supported govern-

ment position against publishing document. Moreno noted in addition “Mercurio’s” strong editorial against government’s new decree law on censorship and media suspension (ref B). Moreno described decree law as a “stupid” step intended to justify GOC closure of PDC magazine “Politica y Espiritu.” Moreno saw “Mercurio” disengagement from government as important bellwether.

6. Moreno continued that in context of this analysis and background, ex-President Frei in next few days will issue lengthy pamphlet analyzing present Chilean situation and giving his judgment on it. (He asked that word of impending publication be held tightly.) Moreno said the analysis had been in the works for considerable time, at least since October. Moreno continued that in party leadership’s judgment moment had now come for PDC to make its position clear. Party members were increasingly uneasy, and lack of public clarification of party’s position during period when GOC appeared so nervous would only tend to drive party members to the left, since increasingly they see little prospect of PDC’s moderate course affecting Chilean events.

7. He said that statement would be given very wide distribution. Party had handled reproduction “prudently,” but made no attempt at doing it clandestinely. It had not warned any of its armed forces friends what was afoot. Intention was to present a *fait accompli* to the armed forces, in the hope that military leaders would take whatever action they considered appropriate for Chile’s future.

8. Asked about possible worst case GOC reaction to Frei initiative, Moreno said government could only expel Frei, Party President Aylwin, and/or party leadership, and outlaw the PDC. He commented that such a worst case was no longer much of a deterrent. As for best case, publication could catalyze change in government leadership, which would bring with it change in policy. He said it made little difference who would take leadership, but he assumed the army would continue on top, and that all junta members would be replaced.

9. EmbOff wondered whether PDC might not be engaged in wishful thinking. Moreno admitted possibility but said time for action had come, and that party thought it could not delay longer making its position clear to public.

10. Comment: PDC searched its soul year ago and embraced moderate policy line aimed at eventual democratic cooperation with military government, only to find government rebuffing any thought of such cooperation with increasing vehemence. We agree with PDC that government is nervous but doubt any change in its leadership is imminent. Rather, it is PDC which, largely immobilized and slowly disintegrating, must feel that it can no longer remain passive. Recent release of Senate Committee report on CIA and Chile (ref C), according to Moreno, was body blow to Frei, and we imagine it may have led him to move before effects cut too deep.

11. EmbOff was careful to make clear to Moreno that he understood much of latter's analysis but could not in any way be identified with it or advise Moreno on substance or timing.

12. Embassy just received advance copy of Frei pamphlet. It is under his name, 67 double-spaced pages long, and is entitled "The Mandate of History and the Requirements of the Future." First page states: "I am often asked what I think about the situation in Chile. This is my answer." Report on pamphlet follows.

Popper

213. Telegram 314 From the Embassy in Chile to the Department of State¹

Santiago, January 15, 1976, 1255Z.

314. Subject: GOC and UNHRC Meeting in Geneva.

1. Summary: Sergio Diez, Chilean rep to forthcoming UNHRC meeting, asked Ambassador for US understanding in face of attempts to condemn Chile on human rights issue as basis for recommendation to apply economic sanctions. He said GOC is seriously considering specific measures to improve human rights practices, but doubted he would have anything concrete to offer at Geneva. Speaking personally, Ambassador urged GOC at least signify its firm intention to move in this direction. Diez will seek appointments in Washington when en route, later in month. End summary.

2. Ambassador Sergio Diez called on Ambassador Jan 14 for over one hour's animated talk, on what he termed informal and personal basis. He will head Chilean delegation to UNHRC meeting in Geneva early February. He said he expects UNHRC to approve and send to EcoSoc meeting later in year a report along same lines as UNHRC Working Group's critical interim report on human rights in Chile. Diez fears that USSR and allies will use report in EcoSoc as base from which

¹ Summary: Popper urged the Chilean Government to signal its firm intention to improve the human rights situation.

Source: National Archives, RG 59, Central Foreign Policy File, D760015-0770. Confidential; Priority. Repeated to San José, the Mission in Geneva, USUN, and London. On January 28, Diez, in a meeting with Trucco and Ryan, stated he understood that the U.S. Government could not support Chile in the upcoming UNHRC meeting in Geneva. In addition, Diez and Trucco informed Ryan of the junta's draft decree to alleviate human rights violations. (Telegram 24117 to Santiago, January 31; *ibid.*, D760038-0137)

to condemn Chile, and to recommend economic sanctions against it by member states. He believes communist countries and their tools are unalterably committed to destruction of GOC; that they have the votes; and that best that can be done is to diminish somewhat their dominance of situation.

3. Thus, Diez expected Chile to lose on any vote, but said US position was crucial, and WE position also important. USG, he said, is relatively sympathetic to GOC; its criticisms on human rights are therefore taken very seriously by others as based on strong moral grounds. Further, UN proposals, if supported by US, would result in cutting off loans to Chile from IMF and US private banks. This would be tragic, because extreme and unjustified pressures on Chile would inflame Chilean nationalism in foreign affairs and rigidify Chilean human rights practices still further.

4. Diez recognized that Chilean position in Geneva would be complicated by current confrontation with UK in Sheila Cassidy case, and with Costa Rica (which normally to some degree supports Chile) over enforced retention of extremist leader Andres Pascal Allende in Costa Rican Embassy in Santiago.

5. Diez described private meeting he had had with President Pinochet January 12. Said he had spoken with complete frankness, and found Pinochet fully open to argument. Stated Pinochet recognized there had been serious abuses of authority by government agencies. President was studying ways to prevent such abuses without destroying authority of government, since lessening of authority would make it more difficult to maintain essential internal security. Pinochet was specifically considering: (1) Reducing severity of state of siege; (2) providing medical checks for detainees during interrogation period, in order to prevent torture; (3) reorganizing security agencies, particularly transferring Directorate of National Intelligence (DINA) to jurisdiction of Interior Ministry; and (4) establishing "tribunal" composed of distinguished Chileans of unquestionable authority to exercise Ombudsman function in behalf of detainees. Diez noted that such measures could not be put through hurriedly, and he doubted anything would be done in time for Geneva meeting. Diez expected to see Pinochet again January 19.

6. Reportedly at Diez' suggestion, Pinochet also lunched earlier in week with Papal Nuncio, who gave Pinochet frank exposition of "charges" that had come to his attention. Diez thought that such words from man of good faith and fellow catholic were important.

7. Speaking personally, Ambassador encouraged Diez on matter of GOC taking concrete steps to improve human rights conditions in country. Said that US and WE can be influenced by improvements, and suggested that by moving effectively, GOC might be able to separate them from its all-out ideological opponents. Ambassador also noted that, even if such changes could not be put into effect in time for Geneva meeting,

Chilean Rep at least should make solemn commitment on part of GOC to apply them subsequently. Any steps toward normality would be useful in this context. Ambassador was certain Washington authorities would receive with great interest any assurances Diez could give in this regard.

8. Diez expects to travel to Washington about January 22. He would like to see Assistant Secretary Rogers and Leonard Garment, together in Washington if possible, after Chilean Ambassador Trucco's requested appointment with Secretary Kissinger.

9. Comment: Diez is a rather forlorn figure. He recognizes and is keenly frustrated by Chile's unenviable position. He has little room for maneuver: he knows most of communist world and many third world leaders are GOC's implacable enemies. He thinks UNHRC Working Group has been irretrievably alienated by refusal of GOC to receive it last July—he admits this was a monumental blunder—and by insidious influence of UN Secretariat staff. He unquestionably regards US position as critically important, as much for its bearing on Chilean morale as for its influence on other countries. We hope Department can encourage him to continue seeking genuine and meaningful improvements in Chilean human rights practices.

10. Septel reports further on some human rights aspects of talk.

Popper

214. Telegram 904 From the Embassy in Chile to the Department of State¹

Santiago, February 3, 1976, 2104Z.

904. Subject: Call on President Pinochet. Ref: A) Santiago 745; B) State 21202; C) State 24117.

1. Summary: President Pinochet Feb 2 summoned to his Vina Del Mar summer residence visiting State Department Bolivia/Chile Country Director Fimbres. Polcouns accompanied. Pinochet's performance was extraordinary during hour and half of conversation and tea. He went from expected tough interrogatory pose on US position at Geneva UNHRC meeting and deplored past US votes in UN and OAS, to comradely bonhomie over the pastry. Chilean concern over Geneva meeting was reflected in that FonMin Carvajal will leave for Geneva this week, passing through Washington on his return. Pinochet reaffirmed that he will not let Allana study group of UNHRC enter Chile, although he reiterated he would be willing to accept anyone who comes without prior publicity. He chided the Embassy as for partiality to the Christian Democrats and ex-President Frei, but appeared somewhat more open and flexible than usual. End summary.

2. Geneva UNHRC meeting: Pinochet began session with direct interrogation on USG position to be assumed on Chile at current Geneva meeting on UNHRC. He was evidently reacting to exposition of US position, and suggestion that slate could be cleaned only by allowing Allana working group in, made by Ambassador Popper under instructions to FonMin Director General Illanes last week (refs A and B). Pinochet, with Carvajal behind him, was concerned less US position was already frozen. Vote against GOC would influence others, since no one wants to be the right of the USG and resolution against GOC in Geneva would strengthen campaign against Chile. The approach

¹ Summary: Pinochet deplored past U.S. votes in the U.N. and OAS that criticized Chile's human rights record. He also stated he would be willing to accept human rights investigative groups other than the UNHRC.

Source: National Archives, RG 59, Central Foreign Policy File, D760041–0207. Confidential; Priority. Repeated priority to USUN and the Mission in Geneva. In telegram 298 from Santiago, January 14, the Embassy reported that it believed that the Chilean Government employed torture but that it could not assess the frequency or extent of the abuse. (Ibid., D760014–0881) On January 28, noting rising opposition in Congress and the public to the junta's human rights abuses, the Department instructed Popper to inform Chilean officials it wanted Chile to accept a group from the UNHRC. (Telegram 21202 to Santiago, January 28; *ibid.*, D760032–0782) On January 29, the Ambassador reported that Illanes ruled out a UNHRC visit, and wanted to shift emphasis away from the U.N. Commission to an inter-American human rights commission. (Telegram 745 from Santiago, January 29; *ibid.*, D760034–0696) Telegram 24117 is Document 213.

paralleled that of Ambassadors Diez and Trucco to Ambassador Hewson Ryan (ref C). Pinochet said he could not understand what had brought USG to current impasse with Chile, and why Chile—such a friend of the US—should be singled out as it is.

3. Fimbres said US position is not inflexible and that among other things US vote would depend on text of resolution presented. He hoped that with respect to new GOC decree intended to protect detainees against torture (Santiago 0756) GOC would make full explanation assuring that deficiencies in Decree 1009 would be overcome. Pinochet stressed decree was intended to regulate Decree 1009 more closely. He also insisted new decree was wholly Chilean in concept and in no way reflected outside pressure.

4. Pinochet reacted sharply with familiar words against alleged prejudices of Allana, asserted that he had been right to prevent Allana group's visit to Chile, and that group would not be allowed to come to Chile. He said visitors would be welcomed and could see everything, if they arrived without prior publicity, so that opposition forces would have no time to set up anti-GOC stories. Pinochet also reacted against what he thought was intimation that new decree was the result of foreign pressure: he said it had been strictly sovereign decision of GOC's free will. He added that it will be strictly applied; GOC will come down hard against any transgressors. In fact, he claimed three persons had been found abusing detainees so far this year, and they would be severely punished. Pinochet also recalled that torture was nothing new in Chile: civil police had always been tough with criminals. Fimbres recalled US position at last OASGA and asserted Pinochet action on working group had cut the ground from under US. Accordingly, US accommodation was more difficult now.

5. Carvajal to Geneva: In a further indication of concern over the outcome of the Geneva meeting, Carvajal said he would be leaving for Geneva later in the week, via New York, and would pass through Washington for talks next week on his return. His plans are being held tightly. He hoped he could time visit to Washington to coincide with expected appointment of Trucco with the Secretary.

6. World Bank and PDC: For openers, Pinochet spoke strongly against the way the World Bank was handling the Chilean loan request, and against the Chilean Christian Democrats. He said he was aware the Embassy keeps in close touch with the PDC. He also attacked ex-President Frei's criticism of the GOC, and warned the USG against trying to force on Chile a return to party government. He said forcefully that he had cut off discussions of the Frei document.

7. OASGA and foreign reporters: Pinochet said all foreign reporters would be allowed in to cover the OASGA. He hedged a bit when asked about the *Washington Post's* Joanne Omang, recounting the familiar

story of her supposed bad faith in interviewing him last year. But he left the impression that she would be admitted.

8. Pinochet relaxed somewhat after his initial outburst but returned again to his theme of US abandonment. He warmed to memories of American military and civilian friends, and his harshness toward the USG reflected sorrow that the US had taken an incomprehensible path. There was little said about a weakening US vis-à-vis Communism—rather a sense that the US had abandoned its old friends. But there were very strong words describing Senator Kennedy.

9. Fimbres replied nonpolemically, underlining the considerable amount of US cooperation made available to Chile, and accenting when possible what the USG expects of the GOC.

10. Despite his strong views, the impression was of a President with a healthy regard for US power and a reservoir of good will still remaining for the US and its government. The new decree and the release of the asylee-terrorists (*miristas*) seemed intended to placate the US and other democratic critics. Pinochet did not appear interested in Fimbres' exposition of what the US is doing for Chile economically and militarily; he was not even aware of details. His concern seemed more directed at the lack of approval, the psychic pat on the back, and continued appreciation which he sees as not forthcoming from the US.

11. The Embassy takes with some skepticism Pinochet's assertion that anyone could inspect Chile who comes without publicity. The qualification, if nothing else, probably makes the offer a non-starter.

Popper

215. Memorandum From Stephen Low of the National Security Council Staff to the President's Assistant for National Security Affairs (Scowcroft)¹

Washington, February 25, 1976.

SUBJECT

Meeting with Chilean Ambassador Trucco Thursday, February 26 (3:00 p.m.)

Ambassador Trucco may wish to discuss a number of issues which are of concern to his government, but his principal concern will be with the threatened cutoff of military sales to Chile. He may also talk about human rights and the upcoming OAS General Assembly in Santiago.

Military Arms Sales

The Chilean Government's inability to improve its performance on human rights and recognize that truly meaningful changes are necessary to improve its international image has put real limitations on our ability to provide assistance, both economic and military, to Chile. Recently the Senate passed an amendment to the Foreign Military Assistance Act which would ban all military transfers to Chile, including spare parts and equipment already purchased and under production. The amendment (Kennedy Amendment) is a manifestation of the depth of feeling on the human rights issue and of the limitations which it imposes on our actions.

The Chilean Government has been alarmed over the widening disparity in military capability between Chile and Peru. Peru has made large purchases of sophisticated military equipment, including Soviet tanks, much of which has been positioned in southern Peru near the

¹ Summary: In anticipation of a meeting between Scowcroft and Trucco, Low briefed Scowcroft on the status of U.S.-Chilean relations, in particular military sales, human rights, and the OAS General Assembly meeting in June.

Source: Ford Library, National Security Adviser, Presidential Country Files for Latin America, Box 3, Chile 2. Confidential. Sent for information. Scowcroft initialed the memorandum. The missing portion of the memorandum is in the original. No record of the meeting has been found. The Kennedy Amendment prohibited military and security assistance; credits and loans for arms; and deliveries of military assistance. (Telegram 27598 to Santiago, February 4; National Archives, RG 59, Central Foreign Policy File, D760043-0061) On February 13, Rogers, Carvajal, and Trucco discussed the UNHRC meeting in Geneva, military assistance, Chile's relationship with its neighbors, and OASGA preparations. (Telegram 37518 to Santiago, February 14; *ibid.*, D760058-0127) On March 1, Trucco and Clements discussed U.S. arms sales policy towards Chile, and its relationship with its neighbors. (Memorandum of Conversation, March 1; Washington National Records Center, OSD Files, FRC 330-79-0037-333 Memcons Only, January-May, 1976)

border. Chile genuinely fears a Peruvian invasion to regain territory lost during the War of the Pacific in 1879. Chile's inability, both on financial and political grounds, to find sources of supply for military equipment to upgrade its capabilities contributes to heightened concern. In this context the Senate passage of the Kennedy Amendment produced a strongly negative reaction in Chile. Chile has indicated that if such legislation is passed it would probably call for the removal of our military mission there.

The bill will come to the House floor next week. It now contains the Buchanan Amendment which prohibits MAP and FMS credit but permits FMS and commercial sales. Harrington is expected to offer a substitute amendment similar to Kennedy's. We think it can be defeated. The bill would then go to Conference before March 15. Humphrey is managing it and has taken a strong stand in opposition to permitting any military sales to Chile. We will be seeking to come out of Conference with something as close to the Buchanan Amendment as possible. If necessary to defeat the Kennedy Amendment, we would be willing to sacrifice some or all of the new FMS sales or commercial sales. We are most anxious to preserve the \$122 million of previously committed FMS which is in the pipeline. Trucco will no doubt express his deep concern about this issue and ask for strong Administration support to defeat the Senate amendment.

Human Rights

On the human rights issue, Trucco may tell you of recent actions to improve protection of human rights. The Chilean Government has released all detained Peace Committee employees except one and has allowed nearly all Chileans who have sought asylum in foreign embassies to leave the country. It has permitted publication of criticism of the current government's policies. It has also issued a decree which, if fully implemented, could do much to prevent abuses of political detainees. Implementation, however, remains the key and thus far no implementing regulations have been issued.

On the other hand, the government has continued its purge of Chilean universities and denied entry into the country of US correspondents (Rudy Rauch of *Time* and Juan de Onis of the *New York Times*). There is evidence that mistreatment of detainees is continuing despite the new decree. Chile continues to refuse to allow the UN Human Rights Commission group headed by Allana to examine the situation inside the country. We recently (February 19) supported a resolution passed (unanimously) at the UN Human Rights Commission in Geneva that expressed profound distress at Chilean human rights violations.

OAS General Assembly

Trucco will probably express his government's hope that Secretary Kissinger will head the US delegation to the OAS General Assembly

in Santiago this June. Two countries opposed holding the meeting in Chile (Mexico and Jamaica) and may send only low-level representations or not go at all. The Chileans place high importance upon the Secretary's attending, particularly in view of his recent visit to Lima. The Secretary has indicated publicly he wishes to go, although his schedule for June has not yet been worked out and there are conflicting international commitments. ARA would like to get concessions in the human rights area from the Chilean Government before committing the Secretary to attend.

Trucco has been privately critical of the State Department's attitude toward Chile, and particularly of Bill Rogers. He has made little attempt to hide his feelings. He quotes the Secretary's expressions of full support for the Chilean Government made in Mexico City and Washington to the former Foreign Minister and says Rogers is not following the Secretary's instructions. He forgets, however, that recent discussions by the Secretary with the present Foreign Minister did contain reservations based on the human rights problem.

Trucco has also asked to see Deputy Secretary Clements. He cancelled his appointment yesterday but has been rescheduled for Monday.

Talking Points

Arms Sales

1. As you know, we have done the best we could under the legislative restrictions in effect. We moved ahead with the sale of some previously agreed equipment in order to establish the principle that we believe we are entitled to do so under the present legislation. We restrained the level, however, in order not to prejudice the current legislation, but sales shipments are continuing. Training, of course, would have to come under sales.

216. Memorandum From the Country Officer for Chile (Fimbres) to the Assistant Secretary of State for Inter-American Affairs (Rogers)¹

Washington, March 10, 1976.

SUBJECT

Unilateral Steps with Respect to Human Rights in Chile

We had hoped that in conjunction with the Inter-American Human Rights Commission (IAHRC) and the upcoming OASGA we could take a more active role in pressing the Chileans on this issue. But events of the last few days suggest that the IAHRC by self-destructing may have gone the way of Allana Working Group in terms of GOC acceptability. We are asking for the Embassy's further assessment in this regard, particularly if a pre-OASGA visit would be acceptable to the GOC. (See attached cable.)

Assuming an IAHRC visit will not be acceptable, we may have to seize the nettle ourselves. This is not a very desirable alternative and prospects for success at best are uncertain. However, in the present environment, it may be a choice between a unilateral démarche and inaction.

We can consider several approaches. Two of these relate to a letter from the Secretary to Foreign Minister Carvajal. We could use as a setting the hopefully successful outcome of Buchanan's language in the Security Assistance Bill. The letter would refer to Executive efforts to keep the door open to Chile. It would underline that the new U.S.

¹ Summary: With plans for a visit to Chile by the Inter-American Human Rights Commission in doubt, Fimbres recommended unilateral steps that the United States might take.

Source: National Archives, RG 59, Central Foreign Policy File, P830106–1703. Confidential. Drafted by Fimbres on March 9; cleared by White. Sent through Ryan. None of the recommendations is checked. In an attached March 9 memorandum to Rogers, not published, Mailliard stated that USOAS did not believe that the U.S. Government should make "any strong unilateral démarches" on human rights. Instead, Mailliard suggested that Popper might "go to the Chilean Government with a checklist to ask if they have considered the various contingencies connected with their hosting the [OAS] General Assembly." Mailliard also suggested that the junta might be asked to consider the possibility of responding to the IAHRC report by inviting the commission to visit Chile. In a second attachment, telegram 57655 to Santiago, March 9, the Department concluded that Orfila's idea of creating a special human rights body to visit Santiago would not prosper, and suggested that the Embassy inform the junta it might receive the IAHRC report and invite it or a sub-group to visit Chile and review areas where it thought the report was inaccurate. In telegram 55095 to Santiago, March 6, the Department noted press reports that three members of the IAHRC had announced their decision not to run for reelection in light of OAS inaction on their Chile report. (Ibid., Central Foreign Policy File, D760086–0717)

law: 1) does not shut the military pipeline and sales; 2) opens the possibility of future credits on the basis of a U.S. presidential determination of progress on return to traditional legality. At the same time the Secretary could reiterate his hopes for attending the OASGA and refer to his comment to Buchanan that human rights is a critical issue in our bilateral relations. He could also note the series of measures (e.g. Decree 1?) and establishment of a human rights commission taken by the GOC and urge their full implementation.

Recommendation

That if the House prevails on the Chile language, we prepare a letter along the lines described above recommending the Secretary's signature.

Advantages

- It would be a clear indication that the Secretary's presence at the GA would be directly related to a returning trend to civility in Chile;
- It would put the Chileans on notice that our weighing in on behalf of the Buchanan amendment committed us to seek every opportunity to convey to them the strong concerns in the U.S. on this problem;
- The letter together with Popper's accompanying remarks would be a clear signal to the GOC that the USG was speaking with one voice;
- It is consistent with our abstention on the OASGA site.

Disadvantages

- The Secretary may want to go to Santiago (period)
- Linking the Secretary's presence to this issue ignores other reasons USOAS may have for his participation;
- Our efforts could provoke a hostile reaction and cause Pinochet to pull up the drawbridge.

Recommendation

We prepare a letter as described above but excluding language which ties the Secretary's presence at the OASGA with movement on bringing to an end the post-Allende emergency period.

Advantages

- It gives the Secretary freedom of action;
- It lets us pursue at the Secretary's level other interests we have in the OASGA.

Disadvantages

- We throw away our trump card. With the OASGA only three months away there would be little time to use it later.

—It reduces the letter and our démarche to a general plea to reason on the part of the Chileans.

Recommendation

No letter. But a démarche by Popper to Pinochet suggesting the Chileans move further down the road toward normal civil rights during the next three months.

Advantage

—It does not put the Secretary on the line either with respect to the OASGA or the internal Chilean situation.

Disadvantages

—This is least likely to elicit a positive response from the GOC.

—Pinochet might consider Popper as speaking on his own despite the Secretary's remarks to Buchanan.

217. Telegram 2261 From the Embassy in Chile to the Department of State¹

Santiago, March 18, 1976, 2140Z.

2261. Subject: Codel Moffett: Aftermath. Refs: (A) State 064985; (B) Santiago 2172.

1. In efforts to place Codel visit controversy in perspective for interested parties on the Hill. Following points may be useful to Department.

2. Human Rights: Abuse of human rights is not issue. USG recognizes that abuses exist and has registered its disapproval. Question is what is most effective method of bringing GOC conduct to acceptable standards. Codel endorses meat-axe tactic: sanction GOC by ban on

¹ Summary: Popper reported that a U.S. Congressional delegation to Chile thought that terminating military assistance and reducing economic aid was the best way to force the Chilean Government to improve human rights in the country. The Embassy, however, thought that maintaining some assistance and encouraging the Junta to improve human rights was a better tactic.

Source: National Archives, RG 59, Central Foreign Policy File, D760103–0412. Confidential; Immediate. The Congressional delegation included Reps. Toby Moffett (D–Connecticut), George Miller (D–California), and Tom Harkin (D–Iowa); the delegation was in Chile March 11–15. (Telegram 38229 to Santiago, February 18; *ibid.*, Central Foreign Policy File, D760060–0085) On March 16, the Embassy reported that the CODEL's criticism of the Junta would likely complicate the Embassy's efforts to mitigate human rights abuses in Chile. (Telegram 2172 from Santiago, March 16; *ibid.*, D760101–0899)

military cooperation and reduction or elimination of economic aid. This course risks driving GOC into shell. Closing itself off from those who have best chance of influencing it, and increasing repression even more. Alternative course followed since coup with increasing sharpness, is more subtle effort to modulate political, economic and military support to encourage GOC to improve human rights conditions. Congressional restrictions, not total ban supported by Codel, have served to underline urgency of problem of human rights abuses and strengthened our arguments. Further drastic restrictions at this time are unlikely to help, could be counterproductive, and are not as flexible as carrot/stick approach Executive can apply.

3. Codel expertise: We question whether flying visit by Congressmen with no prior experience with Chile, no Spanish, clearly defined and held views, and inclination to listen primarily to views of only one side, is best basis for Congressional action. Sophomoric attempt to penetrate Villa Grimaldi, as well as elementary discourtesy in Etzaquirre case if not Benavides, left impression with GOC and many Chileans which can only make it more difficult to convince them of seriousness of US Congress and objectivity of other delegations which may wish to come to Chile for genuinely objective look. Codel damaged the prestige of the House in Chile and leadership, e.g., Doc Morgan, should be made aware of it.

4. Conduct of Codel: It may have damaged more than helped the causes we all wish to advance. Embassy has already pointed out possible deleterious effect on parole program and vicariate of solidarity effort. But Codel visit—by their attitudes and own statements, as well as GOC attempts to exploit it—also exposed individuals to reprisal from GOC. Not only church and other private people who cooperated with them, but even prisoners they saw in detention, can now look for less cooperation and clemency from GOC.

5. Internal Security: Most observers agree Chileans give the current regime credit for re-creating “domestic tranquility.” The near anarchy of the last months of the Allende Government is still in people’s minds. So is the current disorder in Argentina. Many Chileans saw no alternative to military takeover and, by and large, still applaud the junta for ending chaos. We and many others contend that the price, in terms of abuses of human rights, has been and continues to be too high. We believe that after two and one half years it is high time to restore more normal conditions. Our views on this aspect of the problem are well known, publicly and privately.

6. Sale of Matériel: Bulk of weapons and other military supplies and training sought in US by GOC are not counter-insurgency or crowd control instruments—this point was clearly made to Codel. F-5’s and anti-tank missiles are not needed and cannot be used effectively to

combat underground cells of the MIH or Communist Party or street demonstrations, much less PDC critics. GOC access to US military equipment is justified by such objective considerations as the need for some deterrent capability against the disproportionate weapons strength of Peru, and the need to modernize the rapidly deteriorating inventory of equipment felt by any military establishment to defend its country.

Popper

218. Telegram 109592/Tosec 110739 From the Department of State to Secretary of State Kissinger¹

Washington, May 5, 1976, 1806Z.

109592. Tosec 110739. Subject: Briefing Memorandum; Chile and the OASGA.

1. We have been giving some thought to the Chilean angle of your trip to the OASGA. The human rights climate in Chile between now and the OASGA shows little prospect for improvement. There is concern here that your presence in Chile will help legitimize the military regime. Earlier in the year we thought things seemed to be looking better on the human rights front. Unfortunately, practices have not kept up with promises. The security forces are not riding quite as roughshod as before and there has been a reduction in the detention rate and reports of torture, but we cannot say that on balance this reflects a significantly favorable trend.

So much for the good news. Now we have uncovered further problems. Under the continued state-of-siege, persons are still being detained but their whereabouts are unknown. This is in violation of GOC legislation of May 1975 and January 1976. There has also been

¹ Summary: In light of Chile's lack of progress on human rights, Ryan suggested how Kissinger might use his upcoming trip to Chile to promote an improvement in the human rights situation.

Source: National Archives, RG 59, Central Foreign Policy File, D760173–0465. Confidential; Priority; Exdis. Drafted by Fimbres; cleared by Flaten, Palmer, King, White, Ortiz, and Barbian; approved by Ryan. Repeated priority to Santiago. Kissinger was in Nairobi, Kenya, attending an UNCTAD conference. In telegram 3604 from Santiago, April 21, the Embassy informed Rogers that it thought Kissinger should use his visit to Chile to impress upon Pinochet that human rights violations harmed bilateral relations. (Ibid., D760151–0918)

growing repression of political freedoms. Opposition forces in the universities were purged. The Christian Democratic leadership particularly is complaining of increased personal harassment. They claim this is radicalizing the remnants of the party. And there is enough evidence to suggest the GOC struck back at several Chileans who met with visiting U.S. Congressmen.

The upshot is a higher noise level on Chile in the Congress. Fraser called us on the carpet last week to question our aid program. Chairman Morgan has been pressed by his colleagues who visited Chile to question your trip to Santiago. These same Congressmen are also supporting a mid-May conference in Washington on Chile. It looks very much like a media event on human rights on the eve of the OASGA.

The IAHRC report will surface before the OASGA. It will say there are signs of improvement; it will also say abuses have occurred. Our own assessment will probably have to go forward to the Congress before June. It will have to reflect that the GOC's performance during the last year was disappointing, that credible reports point to arbitrariness and physical abuse, and that new GOC legislation aimed at regularizing detention procedures was not broadly enforced and specific violations still continue.

The Congress will also be dismayed when they find out the latest on the refugee program. The GOC has changed its mind and now will not allow any state-of-siege detainees to depart for their assured countries of resettlement. Our parole program will be seriously impacted.

This unhopeful trend led us to encourage Bill Simon's trip to Chile. In considering this, he suggested the GOC break loose the exile decrees to accelerate our parole program. This was before we knew of the new GOC policy. The Chileans have now promised to reverse their field in a number of these cases.

The Chileans have begun to clean up their act for the OASGA. The night curfew has been cut one hour. Known detention centers are beginning to look like Potemkin villages. (Interrogation sites are another thing.) But preparations for handling the media trouble us. A GOC black list includes many foreign newsmen. This may prevent a number of U.S. journalists from covering anything but the OASGA in Santiago. Thus press harassment could become a major story from the OASGA.

This situation has several opposing dimensions. The Chileans will want to take advantage of your presence to draw a more benign picture of the Chilean scene. We expect President Pinochet to invite you to a private meeting. It would be awkward to accept, but an insult to refuse. He is the one we have to reach if we are to turn the GOC around. On balance, it might be better to go along with the meeting and try to maximize our return from it. This would mean raising the human rights issue and making it known that we did.

To balance a meeting with Pinochet, we are thinking of a small, informal meeting of about forty-five minutes with private individuals from the democratic parties, the church, and the business community. The Cardinal and ex-President Frei would not be included. A meeting with them we think would cause such static with the GOC as to jam any human rights message we deliver to the GOC.

On the domestic front, if you are to meet with Pinochet, it would be useful to anticipate this to the Congress. You will meet increasing flak on your probable presence in Chile. We can assure the Hill that a theme of your trip will be human rights. Also that we will vet the subject with Pinochet.

Some of your Latin American colleagues should also be apprised of your plans. Argentina, Venezuela, Colombia, Costa Rica, and perhaps several others, might want to be consulted. We expect some of them when approached will wish we had not. Others may warm to the idea and try to be helpful. We are asking our Ambassadors in these countries to give us a reading on what we can expect and whether it is worthwhile to pursue the idea. When we have their views and have sorted out our options we will send you an action memorandum.

Sisco

219. Telegram 4341 From the Embassy in Chile to the Department of State¹

Santiago, May 8, 1976, 1730Z.

4341. Subject: Treasury Secretary Simon's Visit to Chile: Accomplishments.

1. Summary: Secretary Simon's nine-hour visit to Chile resulted in specific human rights achievements and generated leverage which will assist further progress. The evening before the Secretary's arrival the GOC announced the release of 49 political prisoners, the vast majority of whom will go into exile in the U.S. During lengthy and often legalistic discussions with the Chilean Cabinet (virtually every important Minister attended), Secretary Simon achieved:

(A) Commitment from the GOC [to] continue the U.S. parole program and other similar programs and to accelerate procedures; (B) the agreement of the GOC to a public statement that the GOC will shortly meet with the UNHRC working group to establish procedures for a review in Chile of the human rights situation; and (C) a private and fairly detailed admission by the government that officials have been tried and convicted for human rights abuses. GOC officials also tabled an outline of proposed constitutional statutes, which were neither new nor significant.

2. During dinner with President Pinochet, Secretary Simon repeated the main themes of his visit: that economic freedoms must be complemented by personal and political freedoms and that Chile must—by making human rights progress—help us to help them. The Secretary

¹ Summary: The Embassy reported that a visit to Santiago by Secretary of the Treasury Simon had produced tangible improvements in the human rights situation and provided leverage for further progress.

Source: National Archives, RG 59, Central Foreign Policy File, D760178–1186. Secret; Immediate; Limdis. Repeated immediate to Brasília and Rio de Janeiro. In an April 10 memorandum, Rogers told Kissinger that Simon's May 7 visit as part of a Latin American trip could encourage progress on human rights. (Ibid., P760057–0539) In telegram 4426 from Santiago, May 11, the Embassy reported that while the Chilean Government had not announced expected policy changes in the human rights field in conjunction with Simon's visit, Simon had forcefully emphasized to Chilean officials that the U.S. Government saw the human rights situation there as a problem. (Ibid., D760181–1155) In telegram 4475 from Santiago, May 12, the Embassy concluded that a new avenue for human rights inquiries had potentially been opened by Carvajal's statement to Simon that members of the Chilean security forces had been punished for abuses. (Ibid., D760184–1005) In a May 24 memorandum to Ford, Simon reported that he had informed the Chilean Government it must improve the human rights situation or face a loss of support in the United States and other nations. (Ford Library, National Security Adviser, Kissinger-Scowcroft West Wing Office Files, 1969–1977, Box A3, Treasury Department, 5/24/76–10/27/76) In a June 2 memorandum to Kissinger, Rogers assessed the human rights issues that emerged from Simon's visit. (National Archives, RG 59, Central Foreign Policy File, P760092–1784)

publicly and privately made clear that desired economic cooperation depended on what happened in human rights in Chile. End summary.

3. Most immediate measurable impact of Secretary Simon's trip obviously was the release of 49 political prisoners. Almost all of these persons have been approved for the U.S. parole program, increasing significantly the total who will go to the U.S. Even more important was the clear commitment of all those present at the discussion to the continuation of the U.S. parole program and other similar programs, and the acceleration of procedures.

4. The discussion with respect to a third-party onsite inspection of human rights observance in Chile was a complicated duel. My reading of the exchanges is that the GOC offered to meet with representatives of the UNHRC working group to establish procedures by which some element of the UN will be able to come to Chile for onsite inspection. Others present at the meeting believe that GOC officials committed themselves to work out general procedures but not yet to accept a visit. (Comment: In any case we should proceed to maintain pressure on the GOC for movement in this area as if we had a commitment.)

5. In the past, GOC officials have referred on a few occasions—and in vague general terms—to the punishment of officials guilty of human rights abuses. We have received some reports that the GOC, in fact, has moved against a number of people involved in such abuses. During Secretary Simon's discussion on this subject, Foreign Minister Carvajal described 41 cases (without using names) and agreed that Secretary Simon could make public reference to this matter. (Comment: This development is significant in that it provides an opening for further efforts by ourselves and others to verify particulars of GOC actions to punish those guilty of abuses of human rights.)

6. We spend hour and one-half on human rights and five minutes on economic issues. Chileans tended to emphasize legalistic and historical justifications rather than discuss specifics. We pressed our interest in seeing specific progress on ending the state of siege and expanding habeas corpus jurisdiction. Although the Chileans made no commitments, they now know what we have in mind.

7. During brief economic discussion, Finance Minister Cauas raised the GOC desire to: (A) sign OPIC Agreement; (B) have EXIM Bank credit and guarantee ceiling increased from its present \$700,000; (C) establish links between the GOC and Federal Reserve and EXIM Bank, so that GOC officials can influence judgments on creditworthiness by these institutions and (D) establish consultations between the two governments on copper commodities policy.

8. In the private session Secretary Simon told Cauas specifically that the latter should not expect us to sign an OPIC agreement unless the GOC took steps in the human rights area which brought U.S. public

opinion around. In his public statement the Secretary said that the U.S. is prepared to work closely with Chile in the months ahead, but can help promote Chile's economic prosperity only within the framework of a system ensuring personal and political freedoms. The elimination of U.S. public concern over human rights in Chile would pave the way for dynamic joint efforts in economic development.

9. Comment: We will be reporting in detail by septels on various aspects of Secretary Simon's discussions. As the above indicates, measurable progress was made in the parole program and other human rights areas; the GOC was made clearly aware of the USG's continuing interest in specific remedial steps, and we in Santiago were provided leverage for further efforts here. Chile's considerable group of enemies in the US Congress and press will no doubt try to put down results of Secretary Simon's trip. This is a bad rap. The results of this trip are significant and measurable and should be used as basis for further progress.

10. On the basis of these long and sometimes tortuous discussions, I have the impression that the best way to get at the human rights problem in Chile is (A) to be firm, and (B) to be specific.

Boyatt

220. Memorandum of Conversation¹

Washington, May 11, 1976.

SUBJECT

Ambassador Popper's Meeting with the Deputy Secretary—May 11, 1976—
CHILE

PARTICIPANTS

The Deputy Secretary
Ambassador David H. Popper

Popper: Congratulations on your new position. The pace of the Department's work never slows down. Domestic politics are interfering with foreign policy-making. A veto of the Angola UN membership application as hinted in press today, would be harmful. The delivery of aircraft purchased by Chile is also affected by domestic political considerations.

Robinson: The President said the other day we must go forward on creating a long term foreign policy and not allow ourselves to be shunted off by election year problems. How are things going in Chile?

Popper: I see Simon has made some small but significant progress, especially on prisoners. But after all the statements are made, Chile must change its internal security system and not its words to improve its image. The Church reports that arrests have gone down from 150 a month, to 30. My feeling is that the GOC is more self confident and has eased up. Part of it certainly is improved copper prices. The Treasury sees 80 cent copper by the end of the year.

Robinson: During the recession, I foresaw prices rising rapidly once the price started going up. The African mines and development of new sources are very shaky. When people understand that, the price is bound to go up. When I first went to Zambia, I said that copper would rise to .85 cents a pound. They were amazed. When I went back two weeks ago, everything was in pretty bad shape. But now the price

¹ Summary: Popper and Robinson discussed the Chilean economy, human rights, U.S. military sales to Chile, and Kissinger's trip to the OAS General Assembly.

Source: National Archives, RG 59, Central Foreign Policy File, P760080–1912. Confidential. Drafted by Driscoll; approved by Loving on May 21. In a May 11 briefing memorandum to Robinson in anticipation of a meeting with Popper, Rogers informed the Deputy Secretary that Popper was interested in discussing foreign investment and the Chilean economy, the human rights situation, a prospective Bolivian outlet to the Pacific Ocean, and Chile's conduct in international forums. (*Ibid.*, P760069–1419) On September 23, the Embassy in Peru reported on the U.S. and Peruvian Governments' settlement of the Marcona expropriation case. See Document 323.

is .725 a pound and they allow I might be right. There might be a temporary drop in the price, but ultimately, it will be \$2.00 a pound.

Popper: Chile prepared its budget on the basis of 60 cents a pound. They are going to be way ahead. They are going to finish the year with less foreign indebtedness than they started with. What reception have you had for your International Resources Bank proposal?

Robinson: Many people are not especially interested in the proposal. The *New York Times* article by Silk was the most balanced appraisal of the proposal. The *Wall Street Journal* was very critical.

Popper: We need some sort of mechanism to protect investors' rights so that they will take risks. The word "bank" is a misnomer.

Robinson: Basically, it is a guarantee fund through which the private sector can acquire a performance guarantee through the Bank.

Popper: What progress has been made on our initiatives at the 7th Special Session of the UNGA?

Robinson: Basically, the third world is suspicious, but we see signs for constructive dialogue on all elements of our complicated proposals. The complexity is essential. We presented the proposals in broad brush form so everybody can contribute to their ultimate formulation. We got as much done as we could in Kenya. Many delegates there said we saved the conference, which was headed for disaster.

Popper: After a year the world economy looks better; accordingly, the pressures are eased. When the economy is at its worst, the pressure on LDC's makes progress very difficult. I hope the Department keeps pushing on the producer/consumer conference.

Robinson: Copper bonds would be a precedent-making measure of improving the copper market. They would be geared to each producing country's circumstances. The bonds would finance intergovernmental production. The sale of the copper would be made at close to the gross average sales price over a period. Copper would not depress the market, but would be held until the price rose. You could use market prices, the current or the deferred price, whichever is best, or you could use average prices. The arrangement would give the consumer a long term price. The USG could buy bonds. They would replace aid. We might look for ways to accept commodities in lieu of repayment on the bonds. The bonds would be redeemed by periodic payments. Their advantage is they are a flexible instrument. If someone were to come out with such a proposal, we would like to look at it. But the initiative ought to come from the producing countries. We would be suspect if we proposed it.

Popper: But the human rights position in Chile is bad. There are political objections for our doing anything with or for the Chileans. Human rights considerations affect everything.

Robinson: That would make more sense in Peru, where they really have human rights violations.

Popper: That is probably so. The question of arms sales to Chile is a perplexing one. Essentially, they have paid for F–5 and A–37 aircraft, but it is very difficult to get the Executive Branch to decide to allow their delivery. We will be in breach of contract if we do not deliver. It places a question on our reliability as a supplier. According to law, Chile can buy, but the Executive Branch is reluctant to move anything. I mention this for your information. Congress is cutting back on economic aid. I can understand that. Chile should not get a disproportionate share of our aid, but there is a danger of increasing the junta's paranoia if we cut too quickly and sharply. They feel they are the victims of a double standard. Current Congressional efforts to cut off aid are counter-productive and are not favored by the democratic opponents of the regime. If aid is to be phased down, it should be done gradually. The new bill has a limit of 25 million, which is drastic indeed. The parole program under which we are bringing people to the U.S. is progressing satisfactorily. The delays are not our fault. We are constrained to limit our program to those the GOC will let go. We are trying to compensate for those we had expected to take from Peru, by adding that shortfall to the target for Chile. I understand Congressional consultations are involved: this is a tactic that can be used today to obstruct almost any desired action. This little program for Chile is an expensive program per capita. But I am sure it is responsive to our traditional humanitarian concerns.

Robinson: The expense was on the order of \$1,000 per head in the Viet-Nam program.

Popper: I don't know the cost breakdown. It takes a lot of our Consulate's time. The Inter-Governmental Committee of European Migration manages the program, and they work with the Voluntary agencies. The cost of the Vietnamese program could not be much lower than ours.

Robinson: Do you favor giving the unused portion of the program for Peru to Chile?

Popper: Yes. When I return to post, I will submit a proposal. We are caught between the liberals and the conservatives in this.

Robinson: When do you go back?

Popper: I am planning to see the Secretary before I go, in a week or so. Can you give me any advice on whether he is going to the OAS?

Robinson: I think he is going to go. At first he said that he did not want to and suggested that I go in his place. But I pointed out to him that the Marcona problem is still unsettled. I cannot break my policy of not appearing on the west coast of Latin America until it is.

I am generally doubtful about any sort of working relationship with the OAS. What comes out of there is usually the lowest common denominator. It is difficult in the domestic political context to come up with anything concrete. The Panama Canal is an issue in the election. The Secretary should go, but it may be difficult because we cannot offer anything beyond UNCTAD IV. This will not be enough for the Latins. But we can lose more by not going than by going. I suppose he will have to see Pinochet while he is there.

Popper: I don't see how he can avoid a presidential invitation.

221. Memorandum of Conversation¹

Washington, May 15, 1976.

SUBJECT

Visit to Chile and Human Rights

PARTICIPANTS

The Secretary
Ambassador David H. Popper
Mr. R. Driscoll, ARA, Notetaker

Kissinger: I am going to the OAS meeting. I suspect Pinochet will ask for an appointment, but I don't want you to ask ahead of time.

Popper: Pinochet has already indicated he wants to see you.

Kissinger: I want to see him in as small a group as possible. Do you think we can get anything on human rights?

Popper: I think we should try. There is a fifty/fifty chance that we can get something.

Kissinger: I am not in the business of overthrowing governments. I want that made clear.

Popper: I understand.

Kissinger: I don't see any alternative to this government. What would happen if another one came into power?

¹ Summary: Popper and Kissinger discussed the Secretary's upcoming visit to Chile and how to address the human rights problem.

Source: National Archives, RG 59, Central Foreign Policy File, P820117-2370. Secret; Nodis. Drafted by Driscoll.

Popper: A new government would be from the extreme left or the extreme right. It is hard to say which, but wherever it came from, it would be more totalitarian.

Kissinger: Other than human rights, what else can I do?

Popper: What can you do, Mr. Secretary:—one of the things that would interest them will be seeing you. They trust you and believe you to be a friend, as opposed to some elements of the USG.

Kissinger: That is for sure.

Popper: One thing you can say is to discuss with them the bearing of détente on US/Chile relations. They feel that the détente policy has been discredited and dropped. They see the U.S. as slowly coming around to the all-out anti-communist course they are on. It is an oversimplified view. It would be helpful if you could set them straight.

Kissinger: It is a weird assignment to push away people who want to be friendly. What rationale can I use on human rights?

Popper: That after two and one-half years they should be able to begin relaxing. These practices harm our relations. They see the situation in Cold War terms. They are the only country in the hemisphere to have ousted a Marxist government. They have a David and Goliath complex. Unless they keep their security tight, they feel they will be infiltrated and overthrown.

Kissinger: Where am I staying?

Popper: You will be staying in the manager's apartment at the Hotel Carrera. It will not be the best place you have ever stayed, but I am sure you will be comfortable. Should Flo call Mrs. Kissinger?

Kissinger: Is there anything to see there? How cold is it?

Popper: There is frost but no snow. The climate will be like north Florida in the winter time. There are vineyards, handicraft centers, beautiful mountain scenery, and the sea coast for Mrs. Kissinger to see.

Kissinger: It would be nice for your wife to call Nancy.

Popper: Would it be useful to indicate to the government of Chile that it ought to make some constructive step on human rights during or before your meeting with Pinochet? The easiest one would be to invite the UN or OAS group to come down. They agreed to discuss the modalities of such a visit during the Simon stop, but they have not yet agreed on a visit.

Kissinger: Would not such a group just condemn Chile?

Popper: The GOC feels they can build balance into a report if it has an ongoing dialogue with the investigating group. The second area is to ask them to lower the state of siege or to give the civil rights some jurisdiction in internal security cases, or reestablish habeas corpus . . . something of that sort.

Kissinger: It would help most if these things appear to be the result of my conversation with Pinochet.

222. Telegram 2171 From the Mission to the United Nations to the Department of State¹

New York, May 19, 1976, 2245Z.

2171. Subject: Relations With UN Human Rights Commission Working Group. Ref: USUN 1976.

1. Summary. The Chairman of the ad hoc working group on Chile, G. Allana (Pakistan), asked for a meeting with Ambassador Bennett to provide USG with a report on the progress of current talks between the five-member working group of the human rights commission and reps of the government of Chile. Allana reported that the talks have so far been unsatisfactory and the Chileans show no signs of granting permission for an on-site inspection by the working group. Allana indicated that unless the Chileans agree by Monday May 24 to allow a visit by the working group, the working group will hold a Tuesday press conference and make clear the Chileans' lack of cooperation. Allana said working group convinced that GOC is trying to use the working group for publicity purposes. End summary.

2. In a brief meeting on May 19 held at the request of Mr. Ghulam Ali Allana (Pakistan), Chairman of the Human Rights Commission's ad hoc working group to inquire into the situation of human rights in Chile, Allana briefed Ambassador Bennett on the progress of the talks

¹ Summary: Allana informed Bennett that the junta showed no signs of granting permission for an on-site inspection by the U.N. Human Rights Commission Working Group on Chile, and that the Working Group planned to hold a press conference to highlight the junta's lack of cooperation.

Source: National Archives, RG 59, Central Foreign Policy File, D760194-0543. Confidential; Immediate. Repeated to Santiago. In telegram 4770 from Santiago, May 20, the Embassy suggested that Bennett urge the Working Group to delay its announcement on Chile's lack of cooperation or at least to indicate that further discussions with the Chilean Government were still possible. (Telegram 4770 from Santiago, May 20; *ibid.*, D760195-1162) In telegram 124601 to USUN, May 21, the Department instructed Bennett to stress to Diez "our hope that talks with the Ad Hoc Working Group will not end in failure predicted by Allana" and to urge him to consider a formula that would allow for a Working Group visit. (*Ibid.*, D760196-0734) In telegram 5051 from Santiago, May 27, the Embassy reported that while a press release issued by the Working Group after discussions with Chilean representatives indicated that little progress had been made, the Group and the junta had avoided a "hard break." (*Ibid.*, D760206-0309)

being held with Chilean government reps, Amb Sergio Diez and Mr. Schweitzer, legal adviser and son of the Chilean Minister of Justice. Allana stated he deemed it important to brief the US on the problems encountered by the working group because the outcome of these meetings could prove embarrassing to the US.

3. Allana pointed out that the meetings are being held at the request of the Chilean government. (The text of the Chilean government's letter requesting the meeting was given to Ambassador Bennett by Huerta in confidence last week reftel and discussed in reftel pouched addressees.) Allana noted that the working group ordinarily meets in Geneva and has come to New York solely for this meeting. The group is therefore incensed at the lack of cooperation exhibited by the Chileans and feels that the Chilean government has called the meeting simply so that it can claim to have made a sincere effort to negotiate with the group and that the failure of the talks lies with the working group.

4. The main point of disagreement concerns the attitude of the Chilean government towards a visit by the working group. The working group has, according to Allana, stated its willingness to negotiate other suggestions made by the Chileans. Allana claims the Chilean rep at one point stated his government had decided to allow the visit and this would be confirmed by Friday. The statement was later retracted. According to Allana, the Chileans now claim they do not wish to make a decision on a visit by the working group until after the OAS ministerial ending June 25. Allana states that is too late because the group has other commitments and must organize its schedule now. The working group will draft its report in August for presentation to the GA in September and would thus have to visit Chile in June or July. Allana has asked the Chileans for a firm answer by Monday. If the Chileans are not forthcoming, the working group will hold a press conference on Tuesday which would be unfavorable to the Chileans since working group considers GOC has not made a sincere effort to accommodate the group and is attempting to use it solely to gain favorable publicity for themselves. In event GOC does not invite visit by working group, Allana indicated commission's subsequent report to the GA would be harsh on Chile and predictably lead to renewed attacks on GOC.

Comment: As in previous conversations, Allana appeared to be attempting to put responsibility on US to effect forthcoming attitude on part of Chile.

Scranton

223. Memorandum From the Assistant Secretary of State for Inter-American Affairs (Rogers) to Secretary of State Kissinger¹

Washington, May 28, 1976.

Human Rights in Chile

Summary: I had extensive conversations with Parsky and Ambassador Trucco of Chile, all directed at coordinating your visit with Simon's. Parsky and I cleared the air regarding a *Washington Post* story alleging a Treasury/State division over Chile policy. After Parsky checked with Simon, we agreed there are no differences. We were also at one that:

- the GOC must continue to announce prisoner releases,
- we must try to obtain a GOC invitation to the UN Human Rights Commission Working Group, and
- the GOC should announce publicly the proceedings against officials responsible for prisoner abuse.

When Trucco and I met I stressed that:

- our policy is one of concern about human rights behavior in Chile, not who governs,
- there is no State/Treasury division on our Chile policy, and that it is disadvantageous to both Chile and the U.S. to suggest that there is,
- progress in human rights is essential, (e.g. public announcement of actions taken to punish officials who have abused prisoners) and
- an agreement on a visit by the UN Human Rights Commission would be very helpful.

Trucco concurred on these points and recognized the value of linking prisoner release announcements with the visits of high-level American officials. *End Summary.*

¹ Summary: Rogers informed Kissinger that he had discussed U.S. policy toward Chile with Department of the Treasury officials and with Chilean Ambassador Trucco. He stressed to Trucco that there was no division within the U.S. Government on policy towards Chile and that progress in the human rights field was essential.

Source: National Archives, RG 59, Central Foreign Policy File, P840041-1871. Confidential. Drafted by Rogers and Keane. On May 20, the *Washington Post* reported that Simon stated that while the Secretary of State and Secretary of the Treasury agreed on Chile policy, congressional liberals and "a quietly dissenting sector of the State Department argue that the junta should receive no U.S. support," due to its human rights abuses. ("Chile Freeing New Group of 50 Prisoners," *Washington Post*, May 20, 1976, p. A1) On June 5, Rogers informed Kissinger of an indication received from a member of the Chilean Embassy staff that Trucco "had not been hearing" when U.S. officials such as Simon told him that the ability of the U.S. Government to help Chile depended on improvements in Chile's human rights image. (National Archives, RG 59, Central Foreign Policy File, P760092-1949)

In our conversations last Thursday and Friday, Parsky and I agreed that it was preeminently desirable to maintain the momentum of Simon's visit. We both agreed that, to this end, the establishment of procedure for a visit by a Working Group from the UN Human Rights Commission would be helpful. I agreed to raise this point with Trucco when I saw him later in the day. I brought to Parsky's attention the *Washington Post* report of a statement by Simon that there were differences between Simon on human rights in Chile and some middling level officers in the State Department. Parsky checked with Simon, who was in California and reported back that in fact Simon said that there was perfect unity between the policy making echelons in State and Treasury. The reporter, one Diuguid, told Simon that he, the reporter, understood that there were some middling level officials that did not agree; Simon did not endorse that statement but said only that whatever the views of the middling level officers were it was the policy making level which counted and that there was unanimity there.

Parsky, Simon and I are at one for the proposition that it is important that Chile continue the announcements of prisoner releases. But we all agreed that this should not be the primary focus of our efforts. Rather, we ought to try to insure that the UN Human Rights Commission Working Group be invited to Chile, and that there be public announcement of the proceedings against those officers who abused prisoners.

As to the signature of the OPIC agreement, Parsky affirmed that Simon said that the agreement would not be signed until there were further advances on the human rights front. Parsky and I agreed, therefore, that we ought to sign when and only when the Chileans move forward "another notch or two" on human rights. This is what the Chileans expect.

With all this in hand, I met with Trucco for an extensive lunch on Friday. I first addressed myself to the statement he had made to the Deputy Secretary to the effect that he had understood from two sources that middle level officers of the Department of State had said that our policy was to change the government in Santiago. I told him that, at the Deputy Secretary's request, I had undertaken the sternest and most complete inquiry. I was able to affirm to him that no middle level officer had made such a statement. Beyond that, I represented that this was distinctly not the policy of the United States Government. It was our policy to be concerned with human rights behavior in Chile. It was not our policy to intervene. The decision who was to govern Chile was a question for Chile, not for the United States. He said he was glad to have this assurance. We both agreed that it would be desirable to reiterate the point to the German Ambassador to Chile who was one of those who was allegedly under a misapprehension, on the basis

of his earlier meetings here in Washington. We will authorize Popper to do so.

I then discussed the importance of continued human rights progress. Trucco agreed that it was desirable to maintain the momentum of the Simon visit through the visit of the Secretary of State to Santiago. As Parsky and I had foreshadowed, I emphasized the importance of an agreement with respect to the visit of the UN Human Rights Commission satisfactory to Chile. Trucco told me that Sergio Diaz and the son of the Minister of Justice were both in New York at that very moment. He would call them and emphasize the desirability of coming to an agreement on the UN Commission matter. He assured me that he was optimistic that an understanding as to procedures for such a visit could be effected in the next day or two.

We then turned to the question of public treatment of Treasury and State's view about human rights. I emphasized that Treasury and State were at one. He said that he understood that and disclaimed any statements to the press to the effect that there was a difference of view between Treasury and State. I suggested to him that it was disadvantageous both to Chile and the U.S. to suggest that there was a difference between the two Departments.

In terms of additional steps that might be taken prior to the visit of the Secretary, I suggested that more could be said publicly with respect to Chile's effort to bring to the bar of justice those officers who had abused prisoners. This, I said, would demonstrate the sincere intent of Chile to observe human rights standards. He agreed that more could be done on this and said that he would talk to the Foreign Minister about the possibility of an announcement of the facts with respect to some 41 such cases. Chile could not release the names of the officers. This could lead to retaliation against their families.

Beyond this, he agreed that it was desirable to continue to maintain a steady pace of prisoner releases. The linkage of such prisoner releases with the visits by high level official Americans was not a bad thing. He hinted that this could insure an enhanced public awareness of what Chile was doing. A routine announcement of release in Santiago got no press. When it was linked to Simon or Kissinger, it gets real coverage in the U.S., he said.

I told him that we were contemplating an announcement of the Secretary's trip no earlier than the middle of the week. We would have to be in a position to respond to questions about the human rights implications of a visit by Kissinger to Santiago. I agreed that I would discuss the general line of our public statement with Trucco beforehand.

224. Memorandum From Secretary of the Treasury Simon to President Ford¹

Washington, June 2, 1976.

SUBJECT

Economic Assistance to Chile in the Security Assistance Legislation

As you know, Congressman Frazier, in an attempt to express Congressional dissatisfaction with the Chilean Government's performance on human rights issues, added an amendment in the House to the Security Assistance Bill which would limit economic assistance to Chile, at the end of this fiscal year through September 30, 1977, to \$25 million. On my recent trip to Chile, the Government emphasized that they are committed to ensuring human rights, and they took some positive steps in that direction during and after my visit. In light of this progress, I have made a concerted effort to oppose any cut in economic assistance that might be added to the bill when considered by the Senate. Such a cut is being contemplated by Senators Kennedy and Cranston.

Last Thursday morning I appeared in executive session before Senator Humphrey's Foreign Assistance Subcommittee of the Committee on Foreign Relations. Senator Javits suggested at that meeting if you would informally agree to be guided by the views of the majority of the Senate Committee on Foreign Relations prior to the granting of economic assistance to Chile, he thought the Senate would not reduce such assistance. However, I made no commitment to the Committee until I could get your views.

I request that I be authorized to advise the Senate Foreign Relations Committee that the Administration strongly believes that economic assistance to Chile is in the best interests of the United States, and

¹ Summary: With the administration's request for economic assistance to Chile facing congressional opposition, Simon sought Presidential approval for a statement to the Senate Foreign Relations Committee reiterating the administration's strong belief that aid to Chile was in the best interests of the United States.

Source: Ford Library, President's Handwriting File, Box 22, Foreign Affairs–Foreign Aid, 8. No classification marking. Ford approved the recommendation on June 2. (Ibid.) In a June 4 memorandum to the President, Connor indicated Greenspan, Lynn, Marsh, and Scowcroft concurred. (Ibid.) In a June 5 memorandum to Kissinger, Rogers indicated he concurred. (National Archives, RG 59, Central Foreign Policy File, P760092–1930) On May 30, Rogers reported to Kissinger on Simon's meeting with the Foreign Assistance Subcommittee of the SFRC. Although Simon informed them that he had made it clear to the Chilean Government that economic aid was linked to their human rights performance, there was no support in the Subcommittee for any military assistance, including commercial sales. (Ibid., P760092–1730) A transcript of Simon's report to the Subcommittee is in a U.S. Senate Report of Proceedings, May 27, vol. 1.

therefore believes that your request for assistance to Chile must be fully authorized; that the Administration will be ready and willing to consult closely with the Senate Foreign Relations Committee before the obligation of specific assistance programs for Chile but cannot be bound by the views of the majority of a single Congressional committee.

The Security Assistance Bill is expected to be on the Senate floor at the end of the first week in June or at the beginning of the second week in June. I need to communicate your views prior to the bill's reaching the floor.

William E. Simon

225. Memorandum From the Assistant Secretary of State for Inter-American Affairs (Rogers) to Secretary of State Kissinger¹

Washington, June 5, 1976.

CHILE—Your Meeting with Pinochet and the FMS Cash Pipeline Problem

The Hill is on the verge of resolving how we proceed on the Chilean pipeline. A decision is likely while you are on your trip. We expect Senate action on the FAA on June 8 and a conference report by the end of next week. *An immediate cut-off is a possibility.*

President Pinochet will undoubtedly raise the subject with you. He will stress the importance of the U.S. meeting its commitment on matériel deliveries. He may want assurances the Executive would veto any cut-off. However, the President has signaled that he would not veto on the issue of Chile alone. *We cannot be optimistic.*

We suspended delivery of FMS cases during 1975 because of Section 25 of the FAA, which prohibited new FMS credits and FMS cash sales. With expiration of this provision in June 1975, we proceeded to release matériel and approved F-5 pilot training. Of a total of \$5 million which we approved, about \$650,000 went for F-5 pilot training

¹ Summary: Rogers informed Kissinger of the possibility of further congressional action to restrict the transfer to Chile of military equipment. Rogers added that a cut-off of matériel that was already in the pipeline for Chile would seriously impair bilateral relations.

Source: National Archives, RG 59, Central Foreign Policy File, P760092-1928. Confidential. Drafted by Fimbres and Ryan; cleared by Black.

and the rest for non-lethal spare parts. Some \$112 million still remains in the pipeline, including a squadron of F–5s and a squadron of A–37s.

The House bill would leave the pipeline alone. Were this to prosper, it might be taken as signalling Hill approval for us to move ahead on deliveries. *The Senate Committee bill would immediately enact an embargo.* We expect the full Senate to vote on the bill June 8 (there are no amendments so far).

If House action this week cutting off all military assistance for Uruguay on human rights grounds is any indication, we may expect some House pressure to accept the Senate version in conference.

The *Congressional climate toward Chile has deteriorated* further, despite the Simon trip and his meeting with the SFRC. Hence, an immediate shut-down of the pipeline is possible. It is hard to think of a single action which could at one stroke more thoroughly impair U.S./GOC relations. In Chilean eyes, the F–5s have become an unusually important test case of the USG's reliability and adherence to its pledged word. Impending arrival of the first aircraft has been prominently publicized in the local press. Even the junta's Chilean critics would view a cut-off negatively in the context of Chile's defenselessness against Peru.

Pinochet and his colleagues are fully aware of the progress of the two bills. They are surprised at what has happened so far. They thought things were well in hand following the Simon visit. Timely and meaningful human rights measures by them could possibly bear on the outcome. But *we can give the GOC no assurances in this regard.*

226. Telegram 5434 From the Embassy in Chile to the Department of State¹

Santiago, June 7, 1976, 1606Z.

5434. Subj: Possible International Implications of Violent Deaths of Political Figures Abroad. Ref: State 137156.

1. Clearly, other addressee embassies are better able than we to comment on willingness of their governments to cooperate with Chileans. We note in general the similarity in outlook of all countries queried, and similar situation in most. We assume (1) that armed forces and intelligence services of all these countries cooperate to some extent, (2) that all these governments are capable of covert killing, but that (3) national interests of each country determine extent to which cooperation would extend to such violence.

2. Specific comments follow:

(A) Embassy believes that deaths of Chilean political refugees could have been arranged by GOC through institutional ties to groups or governments in countries where deaths took place. Argentina is the specific case. Probably most Chileans killed there were engaged in extremist activity against GOA forces, but we [garble] that Chilean Directorate of National Intelligence (DINA), for example, sought cooperation with Argentine forces or groups such as AAA.

(B) Deaths of foreign political refugees/asylees in Chile: Since the period immediately after the September 1973 coup, we are not aware of any foreign refugees/asylees killed in Chile. If any were, they probably were engaged in extremist activity. Thousands of foreign political activists came to Chile during the Allende period, and some were killed during turbulence soon after the coup. We would not exclude cooperation in such deaths, but foreigners also may have been caught up in action against Chileans of similar political background. Since 1973 Chile has not been a likely place of refuge for people hostile to GOC.

¹ Summary: The Embassy reported that although it believed that that junta could have arranged the deaths of Chilean political refugees in foreign countries, it lacked evidence to confirm such allegations.

Source: National Archives, RG 59, Central Foreign Policy File, D760219-0217. Secret; Immediate. Repeated immediate to Buenos Aires, Montevideo, Asunción, Brasília, and La Paz. In telegram 137156 to Buenos Aires, Montevideo, Asunción, Santiago, Brasília, and La Paz, June 4, the Department noted its concern over "the recent sharp increase in the number of assassinations of foreign political figures in exile or political asylum in or from your countries" and asked if "the deaths of political refugees or asylees from your country abroad could have been arranged by your host government through institutional ties to groups, governmental or other, in the country where the deaths took place?" (Ibid., D760214-0807)

(C) We have no evidence to support or deny allegations of such international arrangements. We believe these arrangements are possible, and that it is also possible Chilean agents have been involved in killings abroad, possibly in cooperation with foreign governments.

(D) We have no evidence of arrangements among governments to return political asylees against their will, but we do not find it inconceivable that governments might have cooperated in specific cases.

Popper

227. Memorandum From Les Janka of the National Security Council Staff to the President's Assistant for National Security Affairs (Scowcroft)¹

Washington, June 8, 1976.

SUBJECT

Limitations on Chile in Security Assistance Legislation

You inquired about the details of limitations on military and economic assistance to Chile contained in the security assistance legislation now under consideration. *The House-passed bill contains a Buchanan amendment which terminates military assistance including FMS credits but permits cash sales. The House bill further contains a Fraser amendment which*

¹ Summary: Janka informed Scowcroft that the Administration would work to have the House-Senate Conference Committee accept the House version of the Security Assistance Bill, which would allow cash sales of matériel to Chile.

Source: Ford Library, White House Central Files, Subject File, Box 23, FO 3–2/CO 27–CO 54. No classification marking. Sent for information. Brownell concurred. Scowcroft wrote “Thanks” on the first page of the memorandum and initialed it. The text of the Buchanan and Fraser Amendments is attached at Tab A, and the text of the Kennedy Amendment is attached at Tab B. The May 18 memorandum has not been found. In telegram Hakto 7 from Santiago, June 7, Kissinger informed Scowcroft that the “Kennedy proposals for a cutoff of all military sales and transfers to Chile would be disastrous to our efforts in Chile and elsewhere in the hemisphere. I want now to ensure that everything is being done to block this. If the situation is as serious as it appears from here, the President should be brought in.” (Ibid., National Security Adviser, Trip Briefing Books and Cables for Henry Kissinger, 1974–1976, Box 25, June 6–13, 1976–Latin America, Hakto) In telegram Tohak 12, June 9, Scowcroft replied that the White House would work to keep the Fraser Amendment from being added to the Senate version of the bill and to have the Kennedy Amendment removed from the final text in the House-Senate conference committee. (Ibid., 6/6–13/76 Latin America, Tohak, 1)

limits economic assistance levels to Chile to a total of \$25 million in the transition quarter and FY 77; we requested \$68 million. (House provisions at Tab A)

The Senate version of the bill, which will be debated tomorrow, contains a Kennedy amendment which imposes a total embargo on military assistance or sales to Chile effective on the date of enactment of the bill. Such a provision would cut off the pipeline and even sales of spare parts would be banned. (The language of the Kennedy amendment is at Tab B) The Senate bill contains no ceiling on economic assistance to Chile, but Kennedy plans to introduce a floor amendment incorporating Fraser's ceiling provision.

Consistent with the position approved by the President in our memo of May 18, we will work to have the House-Senate conference accept the House version over that of the Senate since Buchanan's amendment permits cash sales and a continuing flow of spare parts for U.S. equipment already in Chile. We will strongly oppose adding a ceiling on economic assistance on the Senate floor and work for deleting the Fraser amendment in conference. Our prospects for achieving this result are not bright. Senator Humphrey has indicated that he can offer no assurances on Chile, since he will have to give the liberal forces something to ensure deletion of the concurrent resolutions on human rights and protect our Korea levels. Unlike our Korea program, Chile does not have the support of the farm bloc or the arms industry since its program is so small. A call from you to Humphrey stressing the importance of at least a \$50 million assistance level (exclusive of OPIC guarantees and CCC credits) would be very useful.

228. Memorandum of Conversation¹

Santiago, June 8, 1976, noon.

SUBJECT

U.S.-Chilean Relations

PARTICIPANTS

Chile

Augusto Pinochet, President

Patricio Carvajal, Foreign Minister

Manuel Trucco, Ambassador to United States

Ricardo Claro, OAS/GA Conference Coordinator for Chilean Government

United States

The Secretary

William D. Rogers, Assistant Secretary for Inter-American Affairs

Anthony Hervas (Interpreter)

The Secretary: This is a beautiful building. The conference is well organized. Are you meeting with all the delegations?

Pinochet: Yes. Two or three a day. I want to tell you we are grateful that you have come to the conference.

The Secretary: It is an honor. I was touched by the popular reception when I arrived. I have a strong feeling of friendship in Chile.

Pinochet: This is a country of warm-hearted people, who love liberty. This is the reason they did not accept Communism when the Communists attempted to take over the country. It is a long term

¹ Summary: Kissinger and Pinochet discussed U.S. assistance to Chile, human rights, and regional issues.

Source: Ford Library, National Security Adviser, Presidential Country Files for Latin America, Box 3, Chile, 3. Secret; Nodis. Drafted by Rogers. The meeting took place in Pinochet's office. Kissinger was in Chile for the sixth regular session of the OASGA. Kissinger's statement on human rights at the OASGA is published in the Department of State *Bulletin*, July 5, 1976, pp. 1–5. In telegram 3779 from Santiago, April 24, the Embassy provided background material for Kissinger's June meeting with Pinochet at the OASGA; the Embassy suggested that the Secretary inform Pinochet that the human rights practices of the Chilean Government were more repressive than circumstances dictated, and that Pinochet needed to take specific steps to improve the human rights situation. (National Archives, RG 59, Central Foreign Policy File, D760156–0824) Kissinger and Rogers met with Foreign Minister Carvajal and Finance Minister Cauas on June 10. Cauas noted that the IDB vote on a proposed loan to Chile had been delayed at the request of the U.S. Government so that Congress could be informed in accordance with legislation that prohibited U.S. aid to countries that committed gross violations of human rights. Kissinger told the Chilean officials that he supported the loan, that it was "a bad precedent to let Congress approve loans," and that he would "get this situation under control when I get back to Washington." On human rights, Kissinger added that he trusted the Chilean Government's "good faith and your good will." (Memorandum of Conversation, June 10; *ibid.*, P820118–1621)

struggle we are a part of. It is a further stage of the same conflict which erupted into the Spanish Civil War. And we note the fact that though the Spaniards tried to stop Communism 40 years ago, it is springing up again in Spain.

The Secretary: We had the Spanish King recently, and I discussed that very issue with him.

Pinochet: I have always been against Communism. During the Viet-Nam War, I met with some of your military and made clear to them my anti-Communism, and told them I hoped they could bring about its defeat.

The Secretary: In Viet-Nam, we defeated ourselves through our internal divisions. There is a world-wide propaganda campaign by the Communists.

Pinochet: Chile is suffering from that propaganda effort. Unfortunately, we do not have the millions needed for counter propaganda.

The Secretary: I must say your spokesman (Sergio Diez) was very effective in this morning's General Assembly session in explaining your position. In the United States, as you know, we are sympathetic with what you are trying to do here. I think that the previous government was headed toward Communism. We wish your government well. At the same time, we face massive domestic problems, in all branches of the government, especially Congress, but also in the Executive, over the issue of human rights. As you know, Congress is now debating further restraints on aid to Chile. We are opposed. But basically we don't want to intervene in your domestic affairs. We can't be precise in our proposals about what you should do. But this is a problem which complicates our relationships and the efforts of those who are friends of Chile. I am going to speak about human rights this afternoon in the General Assembly. I delayed my statement until I could talk to you. I wanted you to understand my position. We want to deal in moral persuasion, not by legal sanctions. It is for this reason that we oppose the Kennedy Amendment.

In my statement, I will treat human rights in general terms, and human rights in a world context. I will refer in two paragraphs to the report on Chile of the OAS Human Rights Commission. I will say that the human rights issue has impaired relations between the U.S. and Chile. This is partly the result of Congressional actions. I will add that I hope you will shortly remove those obstacles.

I will also call attention to the Cuba report and to the hypocrisy of some who call attention to human rights as a means of intervening in governments. I can do no less, without producing a reaction in the U.S. which would lead to legislative restrictions. The speech is not aimed at Chile. I wanted to tell you about this. My evaluation is that

you are a victim of all left-wing groups around the world, and that your greatest sin was that you overthrew a government which was going Communist. But we have a practical problem we have to take into account, without bringing about pressures incompatible with your dignity, and at the same time which does not lead to U.S. laws which will undermine our relationship.

It would really help if you would let us know the measures you are taking in the human rights field. None of this is said with the hope of undermining your government. I want you to succeed and I want to retain the possibility of aid.

If we defeat the Kennedy amendment,—I don't know if you listen in on my phone, but if you do you have just heard me issue instructions to Washington to make an all-out effort to do just that—if we defeat it, we will deliver the F-5E's as we agreed to do. We held up for a while in others to avoid providing additional ammunition to our enemies.

Pinochet: We are returning to institutionalization step by step. But we are constantly being attacked by the Christian Democrats. They have a strong voice in Washington. Not the people in the Pentagon, but they do get through to Congress. Gabriel Valdez has access. Also Letelier.

The Secretary: I have not seen a Christian Democrat for years.

Pinochet: Also Tomic, and others I don't recall. Letelier has access to the Congress. We know they are giving false information. You see, we have no experience in government. We are worried about our image. In a few days we will publish the constitutional article on human rights, and also another setting up the Council of State. There are a number of efforts we are making to move to institutionalization. In the economic area, we have paid our debts, after the renegotiation. We are paying \$700 million in debts with interest this year. We have made land reforms. And we are taking other constitutional measures. We have freed most detained prisoners. There have been 60 more just recently. In September 11, 1974, I challenged the Soviets to set free their prisoners. But they haven't done so, while we have only 400 people who are now detained. On international relations, we are doing well. In the case of Bolivia, we have extended our good will. It all depends now on Peru.

The Secretary: I have the impression that Peru is not very sympathetic.

Pinochet: You are right. Peru does not wish to see the idea proposed.

The Secretary: Peru told me they would get no part out of the arrangement.

Pinochet: Peru is arming. Peru is trying to buy a carrier from the British for \$160 million. It is also building four torpedo boats in Europe.

Peru is breaking the arms balance in the South Pacific. It has 600 tanks from the Soviet Union. We are doing what we can to sustain ourselves in case of an emergency.

The Secretary: What are you doing?

Pinochet: We are largely modifying old armaments, fixing junked units. We are a people with energy. We have no Indians.

The Secretary: I gather Chile generally wins its wars.

Pinochet: We have never lost a war. We are a proud people. On the human rights front, we are slowly making progress. We are now down to 400. We have freed more. And we are also changing some sentences so that the prisoners can be eligible for leaving.

The Secretary: If you could group the releases, instead of 20 a week, have a bigger program of releases, that would be better for the psychological impact of the releases. What I mean is not that you should delay, but that you should group the releases. But, to return to the military aid question, I really don't know how it will go tomorrow in the Senate.

Trucco: The Buchanan amendment is workable.

The Secretary: I repeat that if the House version succeeds, then we will send the planes.

Trucco: (Discusses the technical aspects of the 1975, 1976 and 1977 legislation.)

Trucco: The problem is now in the Senate, for the FY 1977 bill. Fraser has already had his amendment passed by the House.

The Secretary: I understand. We have our position on that. My statement and our position are designed to allow us to say to the Congress that we are talking to the Chilean government and therefore Congress need not act. We had the choice whether I should come or not. We thought it better for Chile if I came. My statement is not offensive to Chile. Ninety-five percent of what I say is applicable to all the governments of the Hemisphere. It includes things your own people have said.

Trucco: That's true. We are strongly in favor of strengthening the OAS Commission.

The Secretary: We are not asking the OAS to endorse anything. I have talked with other delegations. We want an outcome which is not deeply embarrassing to you. But as friends, I must tell you that we face a situation in the United States where we must be able to point to events here in Chile, or we will be defeated. As Angola demonstrates, Congress is in a mood of destructiveness. We were in a good position in Angola. We thought Angola could become the Viet-Nam of Cuba. This would have occurred if Cuba had begun to sustain 20 casualties a week. Cuba could not have stood that for long. We had the forces

for that. Congress stopped us. But I am persuaded that the Executive, whoever is elected, will be stronger after the election.

Pinochet: How does the US see the problem between Chile and Peru?

The Secretary: (after a pause) We would not like to see a conflict. Much depends on who begins it.

Pinochet: The question is really how to prevent the beginning.

The Secretary: The American people would ask who is advancing on whom.

Pinochet: But you know what's going on here. You see it with your satellites.

The Secretary: Well, I can assure you that if you take Lima, you will have little U.S. support.

Pinochet: We did it once, a hundred years ago. It would be difficult now, in view of the present balance of forces.

The Secretary: If Peru attacked, this would be a serious matter for a country armed with Soviet equipment. It would be serious. Clearly we would oppose it diplomatically. But it all depends, beyond that. It is not easy to generate support for U.S. military action these days.

Pinochet: We must fight with our own arms?

The Secretary: I distinguish between preferences and probabilities. It depends how it happens. If there is naked aggression, that means greater, more general resistance.

Pinochet: Assume the worst, that is to say, that Chile is the aggressor. Peru defends itself, and then attacks us. What happens?

The Secretary: It's not that easy. We will know who the aggressor is. If you are not the aggressor, then you will have support. But aggression does not resolve international disputes. One side can stage an incident. But generally we will know who the aggressor is.

Carvajal: In the case of Bolivia, if we give Bolivia some territory, Bolivian territory might be guaranteed by the American states.

The Secretary: I have supported Bolivia in its aspirations to the sea, but de la Flor is not happy about it.

Carvajal: If we gave some territory to Bolivia, and then permitted Peru to use the port, Peru would get everything it needs.

The Secretary: It is my feeling Peru will not accept.

Pinochet: I am concerned very much by the Peruvian situation. Circumstances might produce aggression by Peru. Why are they buying tanks? They have heavy artillery, 155's. Peru is more inclined to Russia than the U.S. Russia supports their people 100%. We are behind you. You are the leader. But you have a punitive system for your friends.

The Secretary: There is merit in what you say. It is a curious time in the U.S.

Pinochet: We solved the problem of the large transnational enterprises. We renegotiated the expropriations, and demonstrated our good faith by making prompt payments on the indebtedness.

The Secretary: It is unfortunate. We have been through Viet-Nam and Watergate. We have to wait until the elections. We welcomed the overthrow of the Communist-inclined government here. We are not out to weaken your position. On foreign aggression, it would be a grave situation if one were attacked. That would constitute a direct threat to the inter-American system.

Carvajal: There is massive Cuban influence in Peru. Many Cubans are there. The Peruvians may be pushed. And what happens to the thousands of Cuban soldiers now in Africa, when they are no longer needed there.

The Secretary: If there are Cuban troops involved in a Peruvian attack, then the problem is easy. We will not permit a Cuban military force of 5,000 Cubans in Peru.

Carvajal: They now have a system, where the Peruvians enter in groups of 20, but the Peruvian registry registers only 1.

The Secretary: The Cubans are not good soldiers.

Carvajal: But there is the danger of irresponsible attack.

Claro: I have sources in Peru. There is, I am told, a real chance that Cuba could airlift troops to Peru.

The Secretary: This would change the situation, and the question then is easy. We will not permit Cuba another military adventure. A war between Peru and Chile would be a complex thing, but a war between Cuba and Chile or others, we would not be indifferent.

Claro: Your planners were down here in 1974. They did not believe that there was a Cuba threat. The Soviets use Cuba for aggression, I argued. Angola has since confirmed this.

The Secretary: We will not tolerate another Cuban military move. After the election, we will have massive trouble if they are not out of Angola. Secondly, I also feel stronger that we can't accept coexistence and ideological subversion. We have the conditions now for a more realistic policy. It would help you if you had some human rights progress, which could be announced in packages. The most important are the constitutional guarantees. The precise numbers of prisoners is subordinate. Right to habeas corpus is also important. And if you could give us advanced information of your human rights efforts, we could use this. As to the Christian Democrats, we are not using them. I haven't seen one since 1969. We want to remove the weapons in the arms of our enemies. It is a phenomenon that we deal with special severity with our friends. I want to see our relations and friendship improve. I encouraged the OAS to have its General Assembly here. I knew it

would add prestige to Chile. I came for that reason. We have suggestions. We want to help, not undermine you. You did a great service to the West in overthrowing Allende. Otherwise Chile would have followed Cuba. Then there would have been no human rights or a Human Rights Commission.

Trucco: We provided the General Assembly the answers to some of the Secretary's suggestions. What will be missing will be our explanation of the coming constitutional acts.

The Secretary: Can you do those while the OAS is here?

Pinochet: We have wanted to avoid doing anything while the OAS is here, since it then looks as though we did it to dampen OAS pressure. We might be able to in 30 days.

The Secretary: If we can, we are prepared to say we have the impression that the constitutional act is helpful.

Pinochet: I discussed it in my inaugural speech.

229. Memorandum of Conversation¹

Washington, June 14, 1976, 11 a.m.

SUBJECT

Meeting with Raul Cardinal Silva

PARTICIPANTS

U.S.

The Secretary

Under Secretary William D. Rogers

ARA/BC/C, Robert S. Driscoll (notetaker)

Anthony J. Hervas (Interpreter)

CHILE

Raul Cardinal Silva

Secretary Kissinger: Do you speak English, Your Eminence?

Cardinal Silva: Unfortunately, no.

Kissinger: As you know, I've just come back from Chile.

Silva: Yes, the Ambassador called me in Panama to say that you wanted to meet with me. I am here at your disposition this week.

Kissinger: I was very moved by the Chilean people.

Silva: We are in a situation which is perhaps the most serious in our history. Our chief is now an army general—the first in 150 years. We have never had one before. We find ourselves greatly surprised.

Kissinger: Do these military people have a Nazi mentality?

Silva: Most do not—however, the group in power does. They have found support in a tiny fascist group in Chile.

Kissinger: It is hard for us to judge that what is happening is not the result of previous conditions.

Silva: I believe that the coup was due to the lack of political tact on the part of the Marxists. They used, preached and glorified violence. They declared class war—especially against Chile's powerful middle class. The middle class combined with the upper class and made possi-

¹ Summary: Kissinger and Cardinal Silva discussed the political and human rights situation in Chile.

Source: National Archives, RG 59, Central Foreign Policy File, P820118–1245. Secret; Nodis. Drafted by Driscoll; cleared by Fimbres; approved by Rogers. The meeting took place in the Secretary's office. On May 29, Rogers recommended Kissinger meet with Silva, given the Cardinal's prominence as a human rights advocate. Such a meeting would demonstrate Kissinger's sincere interest in the issue, Rogers said. (Ibid., P840150–0525) At a June 25 meeting of ARA and CIA officials, a CIA official reported that "at the present there is nothing going on with DINA; we are providing no equipment, training or technical support—nothing to abet repression of human rights, but if Cardinal Silva spreads stories of CIA–DINA collaboration, we're in the soup." (Memorandum of Conversation, June 29; Department of State, INR/IL Historical Files, ARA–CIA Weekly Meetings, 1976–1977)

ble the military takeover. They managed to overcome the old tradition that the military not interfere in politics. Once the military took power, the people did not oppose them. The majority were not with Allende. I would say 70% of the people were against the government.

Kissinger: Yes, but that 70% was not united.

Silva: The 70% were against Salvador Allende. When the military took power the extreme right got on the bandwagon and became the real power. Now the situation is reversed. Now I would say that only 30% are with them. All of the democratic forces, and this includes most of the right, and the left are against the military. Because of this they prohibit all elections, labor unions and other organizations. There is no possibility of doing anything against them.

Kissinger: What do you think, Your Eminence, should happen?

Silva: The military must change the manner of its behavior. Because the military is united no one else has a chance of forcing this change. We must return to a democratic system. We cannot expect abrupt change. It will be gradual change. Human rights and labor rights have to be restored. Then the military must invite all the political parties to collaborate to restore the country.

Kissinger: Over what period of time would this take place?

Silva: It is impossible to say. We are starting to hear among the military of a debate over how the country is being run. We have the possibility, with the help of the U.S., to influence this process.

Kissinger: How?

Silva: Pinochet asked through a military friend that I help him in the U.S. I replied that Pinochet must help me to help him. Your (U.S.) pressure must continue. You have to say, "allow us to help you." They have to change their manner of governing. They do not understand the U.S. situation. Here you have to consult with the people and you cannot do anything against the will of the people.

Kissinger: This is more or less what I told Pinochet. The thing that concerns me is that many people want to cut off all relations. I do not think this will succeed. Rather, this would bring back the left wing problem of before.

Silva: I do not know. The left wing is made up of friends of Allende. We do not want to help only a small group of people. We want to be sure that we help all the people. We want to assist the democratic forces.

Kissinger: We would have preferred a Christian Democratic Government. But they move the same way the Christian Democrats in Europe are moving. Their program became indistinguishable from the Marxists. This leads to a general demoralization.

Rogers: The left wing of the Christian Democrats are that way.

Kissinger: I have said the same thing to His Holiness, who agreed with me.

Silva: I do not defend the Christian Democrats. Jaime Guzman, the ideologue of the military, asked if the Church's only solution is Christian Democracy. I replied that we work within a broad Christian framework. The Tomic program lost the election as would any similar one.

Kissinger: What we would have liked to have seen was a Christian Democrat win.

Silva: Yes, but they provided for the success of Allende. The Frei government was a lot different from the one proposed by Rodomiro Tomic.

Kissinger: There is no question about it. We support the return of democracy in Chile. I made that very clear while I was there. Pinochet promised me they would publish a new constitution very soon. But we have not seen it.

Silva: This could be a serious error. They do not plan to consult with the people. What sort of constitution will that be? One without the right to strike? But the constitution will be a step forward. It is not important that it has some bad features because these will be shortly changed.

Kissinger: What does Your Eminence think we should do? You do not want us to single you out? What concretely can we do?

Silva: I can suggest only part of what you might do. You have the over all insight. You have to help the Chilean people. Many are hungry. We have to save the organizations that are necessary for democracy. We have to save the cooperatives and the unions. By repressing these groups the military is giving more power to the Communists. If we do not save the organizations—the unions and the cooperatives—in a few more years, after the emergency period is over, the Communists will be the most powerful group. The Church has many social action organizations. A word from you to the foundations could save these organizations.

Kissinger: Are you going to talk to the foundations?

Silva: Yes, the Ford Foundation and the Inter-American Foundation.

Kissinger: What did they say?

Silva: The Ford Foundation said that if Mr. Parker would say something favorable, it would be very easy to provide funds.

Kissinger: Why should Parker have anything to do with it? I know Mr. McGeorge Bundy. I shall talk to him.

Silva: We have a good program—a food for work program. Our organization is not part of the government. If you could help support this, it would be most important.

Silva: I want to talk to you about something very confidential. I want to ask that the CIA not tell DINA that “so-and-so” is a Communist.

Kissinger: To the best of my knowledge this is not done.

Silva: The Montealegre arrest was due to this. Hernan Montealegre was a lawyer for the Solidarity Vicariate.

Kissinger: It is inconceivable. In any large organization the reserves of stupidity seem inexhaustible. I haven’t heard of it. It is unauthorized. I’ll have to check on it. (To Rogers) Have you heard of this?

Rogers: No, especially not in this case.

Silva: I heard this from *another* Intelligence Service, not DINA, and they tell me that this is so.

Kissinger: I can’t guarantee it is not true. These things normally do not come through me. If it was true, I assure you that it will be stopped.

Silva: This must be handled with much discretion.

Kissinger: We are interested that you continue as our conscience. We do not want to do anything to make your position difficult. We shall be grateful for your suggestions from time to time.

Rogers: We have seen each other from time to time.

Kissinger: We shall keep in touch.

Silva: I am grateful for the chance to visit you. This gives me support. Pinochet asked that I talk with people in your Congress about economic assistance. We have a human rights problem, yes, it is getting better, yes; I hope the present situation ends. I cannot lie for these people.

Kissinger: The danger is that Congress takes all its ideas from the Allende exiles.

Silva: They want a complete overthrow—this would be a worse error.

Kissinger: If you could point out a middle course, it would be most helpful.

Silva: I could talk with Senator Kennedy.

Kissinger: Could we publicize this meeting, Your Eminence?

Silva: Of course—that is what is needed.

230. Transcript of a Telephone Conversation Between Secretary of State Kissinger and the Assistant Secretary of State for Inter-American Affairs (Rogers)¹

Washington, June 16, 1976, 10:35 a.m.

K: That White has lashed out at the Chileans down there. I think I have made it very clear what my strategy is. I have not become a super liberal. This is not an institution that is going to humiliate the Chileans.

R: The instructions were clear to him. This is in an effort to try individual cases.

K: According to the *Washington Post* after the Chileans rejected the report, he made a passionated defense of it and then humiliated the Chileans. It is a bloody outrage.

R: Then he has gone beyond his instructions.

K: What are we going to do?

R: I am going to call him right now and find out exactly what happened.

K: Who is White anyway?

R: Number 2 to Maillard.

K: Why don't we get him out?

R: I will call him. I don't trust [him] anyway.

K: I know but it was a direct quote. I understand you have been confirmed—congratulations.

R: Did it happen this morning?

K: Yes.

R: And what about the others?

K: They all were.

R: Good.

END

¹ Summary: Rogers and Kissinger discussed comments by Deputy Permanent Representative to the OAS Robert White, who expressed support for an OAS Human Rights Commission report on Chile which concluded that repression and torture continued despite new decrees that supposedly guaranteed the rights of prisoners.

Source: Department of State, Electronic Reading Room, Kissinger Transcripts. Unclassified. On June 15, the *Washington Post* reported that Diez criticized an OAS HRC report on Chile, noting that it did not recognize Chilean Government initiatives to improve human rights, leftist arms importation to Chile, open propaganda campaigns with Chile and abroad, and the constant threat of terrorist violence. The *Post* reported that White expressed support for a resolution praising the HRC report. ("U.S., Chile Disagree on Rights," *Washington Post*, June 15, 1976, p. A23) Rogers began his position as Under Secretary of State for Economic Affairs on June 19.

231. Memorandum From Stephen Low of the National Security Council Staff to the President's Assistant for National Security Affairs (Scowcroft)¹

Washington, June 18, 1976.

SUBJECT

Chile Arms: Spare Parts Contract

During the Conference Committee's consideration of the Chile arms provision, we pushed for approval of commercial sales, continued spare parts deliveries, training in progress, and pipeline. We pointed out that to cut off the pipeline would involve a \$25 million bill paid by the American taxpayer. Chiefly for this reason the conference agreed to permit pipeline deliveries and training in progress. However, it specifically prohibited commercial sales and spare parts sales. When we asked them to broaden it to include sales only to the Government of Chile, thus permitting private commercial sales, they refused saying they wanted the narrowest possible interpretation placed on the provision.

The existing pipeline contracts provide for spares for one year. Defense's desire to conclude a new contract for \$18 million would provide follow-ons for this. Defense would be happy with what it could get and would be willing to accept \$15 million.

We could make the argument with Congress that the spare parts they were talking about were for all equipment ever shipped to Chile. The contract we want is a small one of only \$15 million which will provide spare parts specifically for the pipeline which the Congress approved. Therefore, we are interpreting our action as carrying out the will of Congress to deliver a viable pipeline package. Without the

¹ Summary: Low recommended that Scowcroft support a new \$15 million contract for spare parts for the Chilean military. Although Congress had banned spare part sales to Chile and the Department of State opposed the deal, Low argued that the contract could be justified as a necessary part of the package of transfers that Congress had allowed to go forward.

Source: Ford Library, National Security Adviser, Presidential Country Files for Latin America, Box 3, Chile, 2. Confidential. Sent for action. In the first sentence of the third paragraph, "were talking about" was crossed out and "ruled out" was written in an unknown hand. The last sentence on the bottom of the first page of the memorandum was underlined. Although no record of a Kissinger-Scowcroft meeting has been found, Scowcroft wrote underneath his approval, "Have discussed with HAK [Kissinger]. Go ahead." In a June 21 memorandum, Ryan informed Acting Secretary of State Robinson of Kissinger's approval of the non-lethal spare parts sale to Chile, contingent upon prior congressional consultations. (National Archives, RG 59, Central Foreign Policy File, P840037–1989)

spare parts add-on it is quite possible that Chile would not accept the pipeline deliveries, the contract would be broken and the American taxpayer would have to shoulder the burden.

If we go with the new contract for \$18 or \$15 million we will undoubtedly get some flak. State feels it will be serious and that we will have gone a fair distance in undermining the progress made in the last year towards reestablishing trust between the Executive and Legislative branches.

Les Janka, who was involved in the negotiations on the Hill, believes that if we take a firm position on this, explaining that we believe that we are carrying out the intent of Congress and are open about it, informing Senator Humphrey of what we are doing before we do it, that we will not seriously damage our relations with the Congress.

Recommendation:

That you discuss this with Larry or with the Secretary, giving them our assessment and recommending that State agree to a \$15 million spare parts contract, to be signed with the Chileans before enactment of this bill.

232. Telegram 152569 From the Department of State to the Embassy in Chile¹

Washington, June 19, 1976, 2005Z.

152569. Subject: Embassy Follow-up On W/W Death of US Citizen Charles Horman. Ref: Santiago 5745.

1. Gonzales' reference to Horman has revived considerable interest here in this case. It has also prompted inquiries on whether Gonzales might not also have some knowledge regarding the death of AmCit Frank Teruggi and about the disappearance of some Chileans following the September 1973 coup.

¹ Summary: In response to allegations by Rafael Gonzalez Verdugo, a former Chilean intelligence officer, that U.S. officials may have been complicit in the death of Charles Horman, the Department instructed the Embassy to examine his credibility and explore the possibility of arranging for Gonzalez and his family to leave Chile.

Source: National Archives, RG 59, Personal Papers of Ambassador David H. Popper, 1968–1979: Lot 82D280, Chrons (May–Aug)—1976, Incoming Telegrams. Confidential; Stadis. On June 10, the *Washington Post* published an article based on an interview with Gonzalez. (Joanne Omang, "Chilean Charges General Ordered American's Death," *Washington Post*, June 10, 1976, p. A21)

2. Gonzales' mention of Horman is seen as the first real break in US efforts to ascertain the circumstances surrounding the deaths of these two Americans. Accordingly, we want energetically to take advantage of Gonzales' revelations to press the GOC for a further, more comprehensive, investigation of the case. As we informed you, Consular Officer James Anderson has confirmed that it was Gonzales he accompanied to the cemetery to exhume Horman's remains. This tends to support a conclusion that indeed Gonzales may know something about Horman's disappearance and death. While this may have been the extent of his contact with the Horman case, we must make certain this is the case. Hence, you should seek to obtain as much information as possible from Gonzales on Horman and Teruggi while taking care not to elicit false information which Gonzales might believe would help his case.

3. Likewise, regarding the alleged close involvement of US intelligence agents with the GOC during the aftermath of the coup, it would be helpful if we could obtain further views from Gonzales [*1½ lines not declassified*]. This will lead to further speculation on the degree of US intelligence participation in the events immediately following the Junta's takeover. But again, Gonzales could try to take advantage of this line of inquiry to increase the pressure on us to get him out.

4. Overall, the Department believes we have two objectives: 1) To ascertain how much Gonzales knows regarding the deaths of two American citizens, and, of no lesser concern, 2) The humanitarian aspect of securing exit from Chile for the entire family, or Gonzales' wife and US citizen child. Accordingly, the department would like a vigorous follow-up by the Embassy to ensure a prompt and responsive GOC reply to your note delivered June 14. Since we want to extract as much information as possible from Gonzales, this could be enhanced by our making every effort to secure a safe-conduct for him and his family. We are aware that this latest revelation diminishes his chances in this regard. This suggests discretion on his and our part on how we handle his allegations with the Congress and public.

5. In conjunction with GOC reply to your note, we would like your comments on the above and your assessment on how we can best proceed to achieve our objectives.

Kissinger

233. Memorandum From Stephen Low of the National Security Council Staff to the President's Assistant for National Security Affairs (Scowcroft)¹

Washington, June 21, 1976.

SUBJECT

Chile Arms

The \$15 million spare parts agreement with Chile is moving very slowly. On Friday, State sent up to the Secretary an action memorandum with three alternatives:

- to disapprove it,
- to approve it without consultation with the Congress, or
- to consult with Senators Humphrey, Case, and McGee, and Congressmen Morgan and Fascell. If they were favorable, to authorize Defense to enter into the agreement.

He approved the last of these.

Today (Monday, June 21) Chuck Robinson went up to see Senator Humphrey. They had a long conversation on the matter. Humphrey was not enthusiastic, but he was not entirely negative and seemed willing to go along provided he was convinced it was necessary. Humphrey posed three questions:

- whether the spare parts could not be obtained from other countries like Israel,
- whether the pipeline itself could be repackaged to include the spare parts and stay within the \$112 million total, and
- exactly what was in the pipeline and spare parts package?

Robinson was not able to provide answers on these questions. He is telegraphing the Secretary tonight with a report on the meeting and will await the Secretary's response before deciding whether to go back

¹ Summary: Low recommended that Scowcroft advise Kissinger to provide the Department of State's authorization for the Department of Defense to negotiate an agreement on spare parts for Chile, while simultaneously continuing consultations with Congress.

Source: Ford Library, National Security Adviser, National Security Council Latin American Affairs Staff Files, 1974-1977, Box 1, Chile, Political, Military, 2. Confidential. Sent for action. Scowcroft wrote "OK" on the memorandum and initialed it. On June 22, Kissinger instructed Eagleburger to inform Scowcroft "how outraged I am that the Chile matter has not yet gone ahead. I want you [Eagleburger] to take the responsibility for getting the Department moving on this since they are obviously dragging their feet despite explicit instructions. I will not repeat not accept any further procrastination or resistance. Rogers has also been instructed." (Telegram HAKTO 4; Ibid., Trip Briefing Books/Cables of Henry A. Kissinger, Box 26, 6/20-28/76, Paris, Munich, London, San Juan, P.R., HAKTO, 20)

to Humphrey with more information; whether to check with the other Senators and Congressmen named in the memorandum; and whether to authorize Defense to proceed.

The Security Assistance Bill will be passed by the House and the Senate on Tuesday, the 22nd. I understand there is some pressure to get an early signature by the President. At best, I suppose that could not be until early the week of the 29th. Nevertheless, if Defense is to work out this agreement with the Chileans, it must act immediately. Not only does the agreement have to be negotiated, but the Chileans must get approval from Santiago. All of this must be completed and a final document signed before the bill is signed by the President. Unless Defense is authorized to proceed by State within the next day or two, I do not believe there is any chance of getting the \$15 million spare parts package.

Recommendation:

I therefore suggest you wire the Secretary separately pointing out to him that unless he instructs State to authorize Defense to negotiate the agreement while simultaneously carrying on the consultations with Congress, there is no possibility of getting this agreement.

234. Telegram 158555/Tosec 170316 From the Department of State to Secretary of State Kissinger¹

Washington, June 26, 1976, 0156Z.

158555. Tosec 170316. Subject: *Security Assistance to Chile*. For the Secretary from Robinson.

¹ Summary: In order to avoid alienating Senator Humphrey, Robinson recommended that Kissinger approve a \$6 million agreement for aircraft spare parts for Chile as opposed to two open-ended \$3 million contracts.

Source: National Archives, RG 59, Central Foreign Policy File, P760110–0978. Secret; Immediate. Sent for action. Drafted by Robinson, Jenkins, and Shlaudeman; cleared by McCloskey and Jordan; approved by Robinson. Kissinger was in the United Kingdom for meetings with Callaghan and Crosland. Kissinger approved Recommendation A. The first sentences of paragraphs one and three were underlined, as was the phrase, “cancel the letters of authority,” in the first sentence of paragraph nine. A notation on the front of the telegram reads: “SECTO 17079 answers 6/27.” Secto 17079 from Dorado June 28, transmitting the Secretary’s approval of Recommendation A, is *ibid.*, D760249–0371.

The Problem:

1. Humphrey is most unhappy about the spare parts package. He thinks we did not deal fairly with him. The \$9 million in aircraft spares is apparently acceptable, but the \$6 million in army and navy spares now reprogrammed into the pipeline came under highly critical examination by Humphrey's staff. We could cancel these latter signed contracts (which we can legally do) and probably retain Humphrey's good will, although at cost to our relations with Chile. Or, we can go ahead as planned, alienating Humphrey and risking Senate action to retaliate, perhaps within the appropriations bill for 1977.

Discussion:

2. Senator Humphrey and his staff have reacted vigorously and critically to our decision to go ahead with the spare parts package for Chile. Humphrey and Kennedy are quoted in today's *Washington Post* as complaining that we are rushing spare parts deal through as last-ditch effort to beat Congressional ban. *Post* quotes "It is a shoddy deal, said Humphrey angrily."

3. In phone conversation this morning with Humphrey, he urged me to reconsider the \$6 million army and navy spare package, which he emphasized was a direct flaunting of the expressed intent of the conference to suspend future spare parts sales. The air force segment (\$9 million) he indicated was at least a logical extension of the pipeline F-5 sales, but the army/navy package was not even support for pipeline material. Humphrey urges that we cancel the army/navy LOA's and substitute \$6 million of the air force component into the pipeline. Then he said, he believed there would be little opposition to the remaining incremental \$3.2 million spare package which would be strictly support items for the F-5 pipeline sales. This process would assuage Humphrey's irritation and be seen as a fair compromise.

4. Humphrey told McCloskey in a telephone call yesterday his considerable disappointment that we had decided to go ahead before he could examine all the facts and make a recommendation. His staff subsequently focused on two criticisms: that we sought the Senator's advice but gave him no real chance to give it; and that the \$6 million of spare parts for the army and the navy now reprogrammed into the pipeline relates to equipment the Chileans have had for some time, and not to items in the existing pipeline. This, they asserted, is clearly contrary to the intent of the Congress and not what he had understood from our briefing.

5. We now face leaving Humphrey with a sense of having been dealt with in a less than candid fashion. Considerable Congressional flack can be expected in any case. But Humphrey feels that he did the administration a service in saving the Chilean pipeline from Kennedy's

assault, and serious damage to our relationship could result if he were to be left with sense of having been badly aggrieved. It should be noted that the security assistance legislation (appropriations) is not yet out of the Senate. If we lose Humphrey, there is the chance that Kennedy might yet be able to mobilize enough votes to punish our programs, even though the Chilean package would probably survive.

6. On the other side, the Chileans have now signed the letters of offer reprogramming the \$6 million of nonpipeline spares into the pipeline. The Chilean army and navy regard these spare parts as critical. If we cancel, there will be a strong reaction from Santiago. Humphrey's formula would mean deletion of \$6.0 million in army and navy spares which were not in the original pipeline, are not related to the pipelined aircraft and which we in State were not aware were unrelated to the pipelined aircraft until yesterday. It would also delete the \$6.0 million in trucks which were in the original pipeline but which the Chileans can purchase from other sources. As you know, the prospects for working out a constructive relationship with the Chilean Government and of obtaining significant progress on human rights are fading as the Chileans perceive US as taking a series of hostile or retaliatory actions.

7. Although perhaps difficult for the Chileans to believe, it is the case, however, that they were most fortunate that the pipeline was preserved. As matters stand, we will be able to deliver the aircraft they want above all else—and to provide the \$9.2 million supplemental package of aircraft spares. We would probably be able in time to bring them to the realization that the loss of the spares for the army and the navy could be considered of minor importance compared with the threat of losing the F–5's.

8. I have discussed this with Scowcroft who agrees that a viable relationship with Humphrey is too important to jeopardize for the sake of preserving \$6 million in spare parts for Chile not related to aircraft.

9. *Recommendations:*

a) That we act expeditiously as urged by Humphrey to cancel the two letters of authority with the Chileans (which we can legally do) which provide the Chilean army and navy with approximately \$3 million each of open-ended spare part requisitional authority for established inventory equipment and substitute \$6 million of aircraft spares. With the incremental spares package of \$3.2 million we would cover the \$9.2 million total requirement of spares for pipelined aircraft.

b) Alternatively, we can sit tight, absorb whatever flack we get and hope that Congressional irritation will be manageable.

c) Or, cancel the \$6 million army/navy spare LOA's and reinsert the \$6 million original order for trucks in the pipeline. This would leave us with an incremental aircraft spare package of \$9.2 million.

235. Telegram 6507 From the Embassy in Chile to the Department of State¹

Santiago, July 6, 1976, 1954Z.

6507. Subject: Chileans Show Their Resentment Over Aid Cuts.

1. Summary: Chileans give vent to their displeasure over restrictions on U.S. military and economic assistance by petty discourtesies. End summary.

2. For local reasons, Ambassador hosted large Embassy bicentennial reception July 2 rather than the fourth. That same morning, local press carried word that President Ford had signed security assistance act. News articles recapitulated effect of act on economic and military assistance for Chile.

3. Embassy reception was characterized by massive "no shows" among GOC hierarchy. President Pinochet had regretted previous day. Almost entirely without sending regrets, none of his advisory staff attended; Foreign Minister and Under Secretary were only cabinet or sub-cabinet members present; and army and navy each sent only one low-level representative. On other hand, junta member and air force CINC, General Leigh, and most other air force officers invited were present, undoubtedly because aircraft are the only major hardware items still to be delivered to Chile. From reliable sources we have heard that orders re GOC attendance at reception went out to officials during day July 2.

4. Attendance by hundreds of non-governmental figures, lower-level government officials, and press and media was excellent. For first time in our memory, Cardinal Silva was present.

5. We gather from local press that President Pinochet sent message of congratulation to President Ford. Foreign Ministry's note of good wishes to President Ford, the Secretary and Ambassador was received in Embassy, signed only by Chief of Protocol.

¹ Summary: The Embassy reported that top Chilean officials signaled their displeasure over U.S. Government aid restrictions by not attending a reception in honor of the U.S. bicentennial.

Source: National Archives, RG 59, Central Foreign Policy File, D760260-0864. Limited Official Use. On July 1, the Department informed the Embassy of the limitations imposed on Chile by the Security Assistance Act, signed by Ford on June 30. The Act prohibited military assistance, including education, training, credits, and cash sales. In addition, it capped economic assistance at \$27.5 million for FY 1977. (Telegram 163805 to Santiago, July 1; *ibid.*, D760255-0646) On July 2, Cauas stated that because the limitation on economic assistance had been expected, and the amounts were small, the limitation would not affect the Chilean economy. (Telegram 6661 from Santiago, July 9; *ibid.*, D760265-0557)

6. We will watch carefully to see whether Chileans follow up with substantive retaliatory measures.

Popper

236. Memorandum of Conversation¹

Washington, July 12, 1976, 3 p.m.

PARTICIPANTS

Brent Scowcroft, Assistant to the President for National Security Affairs
Admiral Jose Toribio Merino, Chilean Junta Member
Manuel Trucco, Chilean Ambassador to the United States
Rear Admiral Ronald McIntyre, Chilean Naval Attaché
Mary Brownell, NSC Staff (Notetaker)

Admiral Merino said Chile is grateful for what the United States has done for it. He pointed out, however, that there is a continuing problem which the United States must resolve with regard to the supply of naval spares to maintain deteriorating equipment previously purchased from the United States. Chile can buy the materials abroad but they are much, much more expensive. He noted that the United States supplies Argentina and Peru, but not Chile.

Scowcroft noted that this is a very difficult situation for us because the supply of military equipment to Chile has become a highly emotional issue with the Congress.

Merino expressed concern about the possibility of a Peruvian attack against Chile, noting that Peru has vastly superior military forces and equipment and is receiving Soviet and Cuban support. He added that if Chile should be attacked, we could expect increasing problems also in neighboring nations such as Argentina, Uruguay, Bolivia, and Peru.

¹ Summary: During a meeting with Scowcroft and Merino on the issue of spare parts for military equipment purchased from the United States, Trucco discussed improvements in Chile's human rights record.

Source: Ford Library, National Security Adviser, Memoranda of Conversations, Box 20, July 12, 1976, Scowcroft, Chilean Admiral Jose Toribio Merino. Confidential. The meeting took place in Scowcroft's office at the White House. In a July 9 memorandum, Brownell informed Scowcroft that Merino would want to discuss congressional restrictions on arms sales to Chile; the pipeline of arms sales to Chile; and the Chilean Government's human rights practices. (Ibid., Presidential Country Files for Latin America, Box 3, Chile, 3)

Scowcroft said we have done the best we could for Chile and in fact had come out better than we had expected earlier in the year would be possible. We were able to get the pipeline approved. He added that our worst problems with the Congress may have passed and some additional movement may be possible later in the year. He also noted that we are aware the Chileans have taken some positive steps. We are aware of Chile's problems and of their needs and would be willing to do what we can to help Chile acquire these needed spares elsewhere if that would be useful.

Ambassador Trucco returned to the mention of positive actions which have been taken by Chile and said that Chile will be doing more. Within 35 days he expects new constitutional acts to be issued which will contain human rights protections. He also brought up the Harkin Amendment requiring the United States to vote negatively in international financial institutions against loans to countries that have been sanctioned on human rights and do not cooperate with the UN or the OAS on human rights. He stressed that Chile has not been sanctioned and pointed to debate on the issue at the OAS General Assembly in Santiago as evidence Chile is cooperating with the OAS. Chile is still talking with the UN regarding a possible Working Group visit, but the Working Group is trying to make it as difficult as possible for Chile to accept a visit by taking actions such as scheduling its first meeting on the Chile human rights question in Mexico—the only country which refused to attend the General Assembly. He handed Scowcroft a copy of a letter to the President of the UN Commission on Human Rights seeking to stop that meeting in Mexico. The Ambassador said Chile is trying to keep open the possibility of a meeting with the Working Group, which would help solve the problem for the United States as well as for Chile.

In response to comments on Cuban presence in Peru, Scowcroft noted that any information on this subject would be helpful to us. While we have heard reports of Cuban military presence, we have no confirmation of anything that would approach the numbers mentioned.

Admiral Merino expressed appreciation for the meeting.

237. Telegram 184182 From the Department of State to the Embassy in Chile¹

Washington, July 24, 1976, 1853Z.

184182. Subject: GOC Review of Chilean-US Economic Relations.
Ref: Santiago 7172.

1. During the course of a wide-ranging talk on July 22, Trucco told me that the GOC was examining the desirability of continuing to receive U.S. bilateral economic assistance. He noted that the amount is small and the problem large inasmuch as the Congress focuses on Chile as an aid recipient. He suggested that it might be better to dispense with such assistance altogether.

2. I replied that the problem in part seemed to lie in an impression among some members of Congress that our aid to Chile over these last three years has been disproportionately large when compared with assistance levels for other Latin American countries. With the Chilean level now coming more into line with others, I thought the difficulty would diminish. I added that we hoped to contribute in a modest fashion to Chile's efforts to reconstruct her economy.

3. Comment: I suspect this is what the review reported in the reftel is about. I think we should let the Chileans make their own decision on this point, although we can't be sure there is any real seriousness to it. They could just be showing their pique over the arms embargo again.

4. We will report on the rest of the conversation with Trucco by septel.

Robinson

¹ Summary: The Department reported on a conversation with Trucco, in which the Ambassador said that the Chilean Government was examining the desirability of continuing to receive U.S. economic assistance since the amount involved was relatively small and receiving aid subjected Chile to congressional scrutiny.

Source: National Archives, RG 59, Central Foreign Policy File, D760286–0236. Confidential; Priority. Drafted and approved by Shlaudeman. In telegram 7172 from Santiago, July 22, Popper reported that the Chilean Government appeared to be reviewing its economic relations with the United States in light of the restrictions imposed by the Security Assistance Act. (Ibid., D760283–0096)

238. Memorandum From the Assistant Secretary of State for Inter-American Affairs (Shlaudeman) to Secretary of State Kissinger¹

Washington, August 3, 1976.

ARA Monthly Report (July)
The "Third World War" and South America

The military regimes of the Southern Cone of South America see themselves as embattled:

—on one side by international Marxism and its terrorist exponents, and

—on the other by the hostility of the uncomprehending industrial democracies misled by Marxist propaganda.

In response they are banding together in what may well become a political bloc of some cohesiveness. But, more significantly, they are joining forces to eradicate "subversion", a word which increasingly translates into non-violent dissent from the left and center left. The security forces of the southern cone

—now coordinate intelligence activities closely;

—operate in the territory of one another's countries in pursuit of "subversives";

—have established *Operation Condor* to find and kill terrorists of the "Revolutionary Coordinating Committee" in their own countries and in Europe. Brazil is cooperating short of murder operations.

¹ Summary: Shlaudeman reported to Kissinger that the military regimes of the Southern Cone had coordinated intelligence activities, including finding and killing subversives located in their countries and Europe.

Sources: National Archives, RG 59, Central Foreign Policy File, P760138-0562. Secret; Noform; No contract. Drafted by Proper and Luers on August 2. On July 30, CIA officials informed ARA officials that while Operation Condor was originally developed to exchange intelligence information between the Southern Cone nations, it was emerging as an organization that identified, located, and assassinated guerrilla leaders. The CIA characterized this development as "an understandable reaction to the increasingly extra-national, extreme, and effective range of the Junta's activities," but noted that such activities were bound to complicate U.S. relations with the security services, adding that it would be necessary to handle requests for information from those services "far more gingerly." (Memorandum for the Record, August 3; Department of State, INR/IL Historical Files, ARA-CIA Weekly Meetings, 1976-1977) In telegram 178852 to all American Republic diplomatic posts, July 20, the Department transmitted an INR report on the possibility of an intergovernmental assassination plot involving Southern Cone security forces; the report concluded that "the evidence supporting such speculation is scanty." (National Archives, RG 59, Central Foreign Policy File, D760279-0200)

This siege mentality shading into paranoia is perhaps the natural result of the convulsions of recent years in which the societies of Chile, Uruguay and Argentina have been badly shaken by assault from the extreme left. But the military leaders, despite near decimation of the Marxist left in Chile and Uruguay, along with accelerating progress toward that goal in Argentina, insist that the threat remains and the war must go on. Some talk of the “Third World War”, with the countries of the southern cone as the last bastion of Christian civilization.

Somewhat more rationally,

—they consider their counter-terrorism every bit as justified as Israeli actions against Palestinian terrorists; and

—they believe that the criticism from democracies of their war on terrorism reflects a double standard.

The result of this mentality, internally, is to magnify the isolation of the military institutions from the civilian sector, thus narrowing the range of political and economic options.

The broader implications for us and for future trends in the hemisphere are disturbing. The use of bloody counterterrorism by these regimes threatens their increasing isolation from the West and the opening of deep ideological divisions among the countries of the hemisphere. An outbreak of PLO-type terrorism on a worldwide scale in response is also a possibility. The industrial democracies would be the battlefield.

This month’s trends paper attempts for the first time to focus on long-term dangers of a right-wing bloc. Our initial policy recommendations are:

—To emphasize the differences between the six countries at every opportunity.

—To depoliticize human rights.

—To oppose rhetorical exaggerations of the “Third-World-War” type.

—To bring the potential bloc-members back into our cognitive universe through systematic exchanges.

Security Cooperation is a Fact

There is extensive cooperation between the security/intelligence operations of six governments: Argentina, Brazil, Bolivia, Chile, Paraguay, and Uruguay. Their intelligence services hold formal meetings to plan “Operation Condor.” It will include extensive FBI-type exchanges of information on shady characters. There are plans for a special communications network. These details are still secret, but broad security cooperation is not. Officials in Paraguay and Argentina have told us that they find it necessary to cooperate with each other and their neighbors against internationally-funded terrorists and “subversives.”

The problem begins with the definition of "subversion"—never the most precise of terms. One reporter writes that subversion "has grown to include nearly anyone who opposes government policy." In countries where everyone knows that subversives can wind up dead or tortured, educated people have an understandable concern about the boundaries of dissent. The concern doubles when there is a chance of persecution by foreign police acting on indirect, unknown information. Numerous Uruguayan refugees have been murdered in Argentina, and there are widespread accusations that Argentine police are doing their Uruguayan colleagues a favor. These accusations are at least credible, whether or not they are exact.

The Nature of the Left-Extreme Threat: A "Third World War"?

Uruguayan Foreign Minister Blanco—one of the brighter and normally steadier members of the group—was the first to describe the campaign against terrorists as a "Third World War." The description is interesting for two reasons:

—It justifies harsh and sweeping "wartime" measures.

—It emphasizes the international and institutional aspect, thereby justifying the exercise of power beyond national borders.

The threat is not imaginary. It may be exaggerated. This is hard to suggest to a man like Blanco, who believes—probably correctly—that he and his family are targeted. One must admire his personal courage.

Even by objective standards, the terrorists have had substantial accomplishments over the years:

—At one time or other, urban and rural guerrillas have created severe problems for almost every South American government, including those where democracy is still surviving.

—They have provoked repressive reactions, including torture and quasi-governmental death squads. (The guerrillas typically claimed to welcome repression, but we wonder if they really like what they got.)

—They still pose a serious threat in Argentina and—arguably—a lesser problem in two or three other countries.

—There is a terror-oriented "Revolutionary Coordinating Junta", possibly headquartered in Paris, which is both a counterpart of and an incentive for cooperation between governments.

Nevertheless, it is also true that, broadly speaking, both terrorists and the peaceful Left have failed. This is true even in the minds of studious revolutionaries. Che Guevara's romantic fiasco crushed hopes for rural revolution. Allende's fall is taken (perhaps pessimistically) as proving that the electoral route cannot work. Urban guerrillas collapsed in Brazil with Carlos Marighela and in Uruguay with the Tupamaros. The latter represented a high-water mark. Their solid, efficient structure

posed a real wartime threat. Probably the military believe that torture was indispensable to crack this structure.

There is still a major campaign in Argentina. We expect the military to pull up their socks and win. They have precedents to guide them, and the terrorists have no handy refuge in neighboring countries.

What will remain is a chain of governments, started by Brazil in 1964, whose origin was in battle against the extreme left. It is important to their ego, their salaries, and their equipment-budgets to believe in a Third World War. At best, when Argentina stabilizes, we can hope to convince them that they have already won. The warriors will not like this. They already snicker at us for being worried about kid stuff like drug-smuggling when there is a real military campaign going on. They accuse us of applauding the defeat of terrorism in Entebbe but not in Montevideo. *Our differing perceptions of the threat are raising suspicions about our "reliability."*

What the Right-Wing Regimes Have in Common

These governments are reactive: they derived their initial legitimacy from a reaction against terrorism, left-extremism, instability, and (as they see it) Marxism. *Thus, "anti-Marxism" is a moral and political force.*

There is also an ideology that is more positive in origin: that of national development.

—The vision of nation has been as effective in South America as it was in Europe. (It may yet turn out to be as destructive; this paper looks only briefly at the potential for conflicts between Latin nations and blocs.) Military establishments, traditional protectors of boundaries and national integrity, are in a position to profit from the new nationalism.

—Economic development is a pressing need and a public demand. Disciplined military establishments can work with technocrats to produce economic development. In the countries we are considering, the military is always the strongest national institution—sometimes almost the only one. It has, typically, saved the nations from civilian chaos.

National developmentalism is therefore real medicine, closer to most citizens than trendy left or right-wing causes. To this extent, military power can find a popular base.

National developmentalism has obvious and bothersome parallels to National Socialism. Opponents of the military regimes call them fascist. It is an effective pejorative, the more so because it can be said to be technically accurate. But it *is* a pejorative. These days, to call a man fascist is not primarily to describe his economic views.

In practice, the military regimes tend to be full of the same inconsistencies that characterize non-military, pragmatic, non-ideological regimes.

—Local political institutions are (reasonably) considered to have been a failure, and it is suggested that “democracy doesn’t work for us.” Leaders want to build more efficient institutions, to organize their societies entirely differently. Yet there is, at some level of consciousness, an acceptance that democracy is the ideal eventually to be sought.

—No other institution is allowed to challenge military power, yet political parties and courts often exist and perform some valid functions. Brazil’s toothless parliament, for example, does cautiously articulate public opinion and provide a dormant alternative to military rule.

—Insecure, repressive governments nevertheless allow substantial “democratic” freedoms, including varying degrees of freedom of expression. The *ambiente* is more like Washington than Moscow. You can buy a good newspaper, a pair of decadently-flowered blue jeans, a girlie magazine, or a modern painting.

—*These military regimes do not expect to last forever.* There is no thought of a Thousand-Year Reich, no pretense of having arrived at ultimate Marxist-style truth.

From the standpoint of our policy, the most important long-term characteristic of these regimes may be precisely that they are reversible, in both theory and practice. They know it. But they do not know what to do about it. Political and social development lag. Long after left-wing threats are squashed, the regimes are still terrified of them. Fighting the absent pinkos remains a central goal of national security. Threats and plots are discovered. Some “mistakes” are made by the torturers, who have difficulty finding logical victims. Murder squads kill harmless people and petty thieves. When elections are held, the perverse electorate shows a desire to put the military out of power. Officers see the trend ending with their own bodies on the rack.

No more elections for a while.

We do not suggest that there is a hopelessly vicious circle. Since some of these regimes are producing really solid economic successes, the officers may eventually trust civilians to succeed them and provide an honorable exit. So far, the military has found it easier to ride the tiger than to dismount. When an alternative government eventually has to be found, it might be that the only one available will be at the far left.

But There Are Also Leading Differences.

In discussing the general characteristics of the southern military regimes, we have made some indefensibly broad generalizations. The following is an attempt to correct the worst distortions, country-by-country. It is important to be clear about the differences because, for reasons we shall develop later, our policy should be to emphasize what the countries *do not* have in common rather than what they do.

The front-burner cases are Argentina, Chile, and Uruguay.

Argentina is the most interesting, both because it is important and because the directions of the new regime are not clear. The Argentines are politically sophisticated like the Brazilians, but unlike the Brazilians, the Argentines lack social and even military unity. To recover economically, they must break the power of traditional structures, and especially of the labor movement. There is also a genuine challenge from left-wing terrorists and right-wing counter-terror. The problem approaches civil-war dimensions. We believe that the Brazilian model will prevail. In the long run, thus, we think the military will win. Videla—or his successor—will have more trouble with hard-line military officers and right-wing terror than with the left. Forces probably connected to the regime have already been killing exiles and priests, among others.

Chile has been the subject of so much action lately that you probably do not need to hear any more. The Chileans have smashed the Left almost as thoroughly as the Brazilians, but the repressive apparatus is much more unrestrained. There is no one at the top like Geisel who even seems to wish to moderate human-rights abuses. The Santiago regime provides the archetype of the reasoning that criticism of torture can come only from international Marxist plotters. The military seem particularly insecure and isolated, even with respect to the Chilean public.

Uruguay is the third pressing case (with Argentina and Chile). Foreign Minister Blanco was the first to talk about the “Third World War,” and he still insists that the threat continues high in his country. Given this picture, Uruguay is, of course, eager to cooperate with its neighbors in defensive measures. Nevertheless, unlike the Chileans, the Uruguayans have maintained some sense of proportion about human rights and international public opinion. Civilians are up front in the government, give the military substantial support, and interact relatively well.

Brazil: We can and should relate to Brazil as an emerging world power rather than as a trouble-spot. Yet its 1964 “revolution” is the basic model for its neighbors. The biggest problem is that, despite remarkable successes, the Brazilian armed services still cannot find a way to relax their hold on power. On the other hand, they are not much worried about it. They have been able to tap civilian talent for economic purposes. The Left is smashed, but it is not clear whether the President can control the zeal of his security forces. Attempts at political *distensão* have largely flopped. (The word carries both the English sense of “distending”, or enlarging authority from a narrow military base, and the French sense of “relaxing”. Better than *détente*?) Brazil, like the other large countries, does see itself as a world actor, and this inhibits extremism.

Bolivia is an interesting case but not a hot problem. This is the scene of one of the three genuine social revolutions in Latin America—which makes it all the more puzzling that Che Guevara thought he had a contribution to make. Despite his failure, he left lasting worries. The Bolivians still consider that Che's death makes them a target of revenge for international terrorists. We cannot quite perceive the same menace. In Bolivian terms, the government is notably stable and economically successful. It has been moderate on human rights.

Paraguay is marching to the same tune as its neighbors but is a mile behind. This is the kind of nineteenth-century military regime that looks good on the cartoon page. Paraguay, however, has eminently sound reasons for being backward and is not in the least apologetic. The Paraguayans remember that, in the Chaco War, they fought off the massively superior armed forces of three neighbors for a ridiculously long time. Pride was saved, if nothing else. There is no democratic tradition whatever. The government has reacted to fear of the left rather than the kind of specific challenge posed in the other countries.

A Political Bloc In Formation?

If police-type cooperation evolves into formation of a political bloc, our interests will be involved in ways that are new for South America. *Such a bloc is not here yet. The conditions for its formation are largely present:*

—The conviction that an international leftist threat amounts to a "World War" and hence requires an alliance.

—Highly compatible philosophies and political objectives in other respects.

—Improved transport and communication between neighboring countries, which previously had better links with the U.S. and Europe than with each other.

—A suspicion that even the U.S. has "lost its will" to stand firm against communism because of Viet-Nam, détente, and social decay.

—Resentment of human rights criticism, which is often taken as just one more sign of the commie encirclement.

—Exclusion by the military of the civilian, democratic interplay which helps to maintain a sense of proportion.

There are a few inhibitions on formation of a bloc. Nationalistic thinking is the obvious one. Traditional feuds have largely shaped the sense of nation. With the exception of the Peru/Chile tension, however, border disputes are no longer an overriding factor in the southern cone.

To predict a political bloc would still be speculative. Common sense could assert itself. There is plenty of it available in these countries and even some in their armies. We do think that the trend toward bloc thinking is present, clear, and troublesome.

If a Bloc Does Form . . .

In the early stages, we will be a “casual beneficiary” (as one reporter puts it) for reasons that are too obvious to need elaboration here. On the main East-West stage, right-wing regimes can hardly tilt toward the Soviets and Cubans. The fact that we *are* an apparent beneficiary can easily lull us into trouble, as has historically been the case in this hemisphere.

But we would expect a range of growing problems. Some are already with us. Internationally, the Latin generals look like our guys. We are especially identified with Chile. It cannot do us any good. Europeans, certainly, hate Pinochet & Co. with a passion that rubs off on us.

More problems are on the schedule:

—Human rights abuses, as you know, are creating more and more problems of conscience, law, and diplomacy.

—Chile’s black-sheep status has already made trouble for its economic recovery. The farther to the right the drift goes in other countries, the more difficulties we can expect in our economic links with them.

—We would like to share with, say, the Brazilians a perception that we are natural allies. Brazilian participation in a right-wing bloc would make this unlikely.

—Eventually, we could even see serious strains with the democracies farther north. Orfila has told us that he thinks a confrontation is possible. Uruguay and Venezuela have just broken relations over an incident involving political asylum. A precedent?

Over the horizon, there is a chance of serious world-scale trouble. This is speculative but no longer ridiculous. The Revolutionary Coordinating Junta now seems to have its headquarters in Paris, plus considerable activity in other European capitals. With terrorists being forced out of Argentina, their concentration in Europe (and possibly the U.S.) will increase.

The South American regimes know about this. They are planning their own counter-terror operations in Europe. Argentina, Chile, and Uruguay are in the lead; Brazil is wary but is providing some technical support.

The next step might be for the terrorists to undertake a worldwide attack on embassies and interests of the six hated regimes. The PLO has shown the way. We can picture South American activities on a comparable scale, again using the industrial democracies as a battlefield. The impossibility of peaceful change will radicalize exiles who might, in earlier days, have looked forward to returning home peacefully.

Our Response: How to end the Third World War.

Till now, though we have tried to exercise a moderating influence, we have not taken a long-term strategic view of the problems that a

right-wing bloc would create. This paper has tried for a sharper focus. We shall have more recommendations in months to come, but the following are a fair start:

1) *Distinguish between countries* with special care. If we treat them as a whole, we will be encouraging them to view themselves as an embattled bloc. In our dealings with each country and in Congressional testimony, we should, for example, reflect recognition that:

—Argentina, with its virtual civil war, faces a problem much different from its neighbors.

—Uruguay, with its substantial remnants of military/civilian interplay, is not comparable to Chile.

—Brazil has the weight, sophistication, and world-perspective to share many of our concerns.

Our military-sales programs may also provide an opportunity for distinction. Aid no longer provides significant leverage. There is vast interest in overall economic relations—but not much freedom of movement.

2) *Try to get the politics and ideology out of human rights.* This objective will be hard to reconcile with the equally pressing need to multilateralize our concern. To avoid charges of “intervention,” we must increasingly work through the Inter-American Human Rights Commission. The countries that support us there, however, will tend to be democracies (and perhaps one or two radical Caribbean governments). Right-wing regimes will feel besieged. Ideally, we should keep one or more of them with us. If that is impossible (as now seems likely), *we should take special care to make clear that authoritarian regimes of the right have no monopoly on abuses.* (Your Santiago speech had the right balance).

3) *Oppose Rhetorical exaggerations*—there and here.

—Make clear in our South American dealings that the “Third World War” idea is overdrawn and leads to dangerous consequences.

—In Congressional testimony here, stress that the threat is real for a country like Argentina.

4) *Bring them back to our cognitive universe.* But how? Our Embassy in La Paz has recommended that we exchange intelligence briefings with the Bolivians. This might provide a way to reach suspicious military officers and work on their “Third World War” syndrome. But there are hazards. We would fail to produce information sustaining their thesis, and they might conclude that we were badly informed or uncooperative. Instead, we think we should work on systematic mid-level exchanges—something more than exchanges of information on terrorists. We need to achieve a perception that neither *détente* nor *distensão* is a threat to the legitimacy of friendly regimes.

In time, perhaps we can convince them that a Third World War is undesirable.

239. Telegram 7720 From the Embassy in Chile to the Department of State¹

Santiago, August 9, 1976, 2250Z.

7720. Subject: Illegal Detentions and Disappearances: Chile. Ref: Santiago 7212 and Previous.

1. Summary: In recent months the GOC has tried to convey the impression that the detention of political prisoners takes place in accordance with pertinent laws and decrees under its state of siege authority. It has also sought to convince observers that the number of persons held on internal security grounds has declined. In fact, relatively few cases of such detention have recently been publicized. Reports of mistreatment of detainees have also decreased. But we have evidence—which is growing in quantity and detail—that the Government is resorting increasingly to an alternative procedure: picking up and holding, or otherwise disposing of persons who are then said to have “disappeared.” This evidence cannot be made public for security reasons; nevertheless, the GOC is widely known to be acting in disregard of its own laws. A prime example of the current tactics is afforded by the case of the Budnik brothers, who we now know are in DINA’s hands. End summary.

2. Official, publicized detentions: beginning in September 1974 with President Pinochet’s “challenge” to the USSR and Cuba to release political prisoners, the GOC has first frequently and then irregularly made public statistics on the number of people detained under state of siege authority and thus to be held indefinitely without judicial proceedings; those in process of being tried; and those already tried and serving sentences (our categories I, II and III respectively). All were considered internal security cases, although many category II and III cases were prosecuted under regular arms control legislation.

3. From February 1976 on, the GOC apparently began making a determined effort to reduce state of siege detention cases (category I) to a minimum—first, by taking in few new detainees, and since May, by releasing a considerable number of detainees in country or into exile. They can thus claim, as they do, that the GOC is now holding

¹ Summary: Although the Chilean Government had tried to convey the impression that the rule of law guided the detention of political prisoners, the Embassy reported that the authorities increasingly picked up and held, or disposed of persons perceived to be a threat to the regime.

Source: National Archives, RG 59, Central Foreign Policy File, D760306–0874. Confidential; Priority. In telegram 6573 from Santiago, July 7, the Embassy reported on the possible existence of clandestine detention centers. (Ibid., D760262–0206)

only a few more than 400 “political prisoners.” At the same time, the 3,000 plus persons undergoing trial or already convicted (categories II and III) have simply dropped out of Government public statistics, although statistical information can be acquired by interested parties.

4. Disappearances: as the Department is aware, “disappearances” continue. The number of persons who disappear may or may not be greater now than earlier, but the proportion of disappeared to those formally detained seems to us definitely higher. In some cases, unidentified persons are seen to pick up a man; in others, he simply drops out of sight. The family may or may not receive a cryptic telephone call or other indication that the detainee is still alive.

5. When it addresses this subject at all, the Government is likely to suggest that the “disappeared” voluntarily went underground, changed names, or ran away with girlfriends. We have even gotten a hint that one of the charges against Hernan Montealegre (Vicariate of Solidarity Defense lawyer accused of communist membership) may be that he fabricated and gave publicity to bogus disappearances under orders from the Chilean Communist Party, in order to discredit the GOC. So far there has been no way definitely to tax the Government with responsibility for disappearances, in the absence of specific information. But Chileans who work in this area are convinced of government—usually DINA—complicity in many cases. As far as we know the police never seriously investigate them. Their antennae obviously are as good as the vicariate’s, and they want no run-ins with the Directorate of National Security (DINA). GOC Human Rights Spokesman Sergio Diez, who is well aware of the GOC’s image problem, for example told the Ambassador—perhaps disingenuously—that he could not understand why the government had not launched a major investigation when it heard that the Budnik brothers (reftel) had disappeared.

6. Number of disappeared: hard information is lacking. The vicariate of solidarity has a running account of over 1,000 since the coup, but the evidence on many of these is poor. The ICRC in late 1975 spoke of about 600. The vicariate is now in the process of distributing (we are promised a copy) a multi-volume work reproducing documentary evidence on some 340 “disappearances.”

7. More recently, we know [*less than 1 line not declassified*] that the GOC detained illegally 60–80 Communists in the Santiago area in the period just before the June OAS General Assembly. The ICRC (protect) had a hard list of 29 disappearances for June (para 10, Santiago 6573), and another 16 up to July 30. Our latest, preliminary June figures for Santiago from the vicariate of solidarity showed 23 arrests, of whom 14 had not subsequently surfaced. When an ICRC representative visited Cuatro Alamos July 29, it was empty, although he knew that a dozen

or more people had been there during the month. Supreme Court President Eyzaguirre visited an empty Cuatro Alamos the same week, and he told the Ambassador August 2 that he also had heard of people who had disappeared.

8. We still do not know how “disappeared” detainees are treated. We think it possible that some of the communists who have been detained for many months may have been killed or tortured by DINA. This may have happened in the recent case of the dual citizen (Spanish and Chilean) ex-communist and UN functionary, Carmelo Soria Espinoza (Santiago 7581), who seems clearly to have been murdered.

9. Places of clandestine detention: [*less than 1 line not declassified*] information from a reliable source that the detained communists who disappeared are rotated among army camps in Peldehue (30 miles north of Santiago) and Penalolen (in Santiago’s southeast suburbs), and navy installations in Valparaiso and Talcahuano. The ICRC has long had its eye on the two navy posts. (See also para 10, Santiago 6573.)

10. The Budnik brothers: The most notable case of current interest is that of Julio and Eduardo Budnik, whose July 22 disappearance and subsequent fate has been bizarre. Since our last detained report (Santiago 7358), EmbOffs have talked to Rabbi Kreiman and the family’s lawyer, and other information has been developed. President Pinochet twice fended Kreiman off on the telephone. Then, in an August 4 meeting he repeated that the brothers were not in GOC hands and insinuated that they had either fled to avoid penalties for passing bad checks by going to Argentina, or had been kidnapped by extremist bandits. Kreiman picked up the last point to ask why, then, the police had not taken aggressive action to find them. Pinochet undertook to give the police appropriate orders. We have what we consider quite reliable reports that the Budniks in fact are in DINA’s hands.

11. Comment: As indicated above, all the foregoing leads us to conclude that while the GOC is trying on the one hand to improve its image by claiming that the number of Chilean political prisoners is decreasing, on the other hand it is resorting with perhaps growing frequency to extra-legal methods of disposing of presumed dissidents. Since the beginning of 1976, the primary targets of the DINA have shifted: formerly they were MIR terrorists; now that the MIR has been neutralized, they seem to be the Chilean Communist leadership.

12. We will do our best to determine how wide-ranging the new DINA tactics may be. Taken in conjunction with the expulsion of anti-Marxist lawyers Jaime Castillo and Eugenio Velasco, these “disappearances” tend to give Chilean internal security operations rather more

of a cast of terror. In this connection, it will be interesting to observe what happens to the ten labor leaders known as the “dinamicos” (Santiago 7617). They are the most prominent publicly vocal opponents of the regime at this time.

Popper

240. Evening Report Prepared by the Central Intelligence Agency¹

Washington, August 13, 1976.

EVENING REPORT—LATIN AMERICA

[Omitted here is material unrelated to Chile.]

Decision by “Condor” Countries to Suspend Counterterrorism Operations in Europe—The South American countries which had agreed to launch a counterterrorism operation in Europe (Argentina, Uruguay, and Chile) have agreed to suspend initiation of the plan until Brazil decides whether or not to participate. Brazil has agreed to participate in the intelligence coordination aspects of Condor in South America but has not agreed to participate in joint actions in Europe. The other Condor countries apparently have not ruled out moving forward on the Paris operation without the Brazilians.

[Omitted here is material unrelated to Chile.]

¹ Summary: The CIA reported that Argentina, Uruguay, and Chile had agreed to suspend initiation of a planned counterterrorist operation in Europe until Brazil decided whether or not to participate.

Source: Ford Library, Project File on Pinochet/Chile, Box 1, Evening Reports, 8/13/1976. Secret.

241. Telegram 209192 From the Department of State to the Embassies in Argentina, Uruguay, Chile, and Bolivia¹

Washington, August 23, 1976, 2217Z.

209192. Subject: Operation Condor.

1. You are aware of a [*less than 1 line not declassified*] on “Operation Condor.” The coordination of security and intelligence information is probably understandable. However, government planned and directed assassinations within and outside the territory of Condor members has most serious implications which we must face squarely and rapidly.

2. In considering how most effectively to bring our concerns to the attention of the governments involved:

—We recognize that the internal problems in the three key Condor countries are significantly different.

—We want to demonstrate in our discussions our appreciation of real host government concerns and threats to their security.

—We propose to engage the highest level of government in Argentina, Uruguay and Bolivia in a broad discussion of the issues and security questions involved.

3. For Buenos Aires, Montevideo and Santiago: You should seek appointment as soon as possible with highest appropriate official, preferably the Chief of State, to make representations drawing on the following points:

A. The USG is aware from various sources, including high government officials, that there is a degree of information, exchange and coordination among various countries of the Southern Cone with regard to subversive activities within the area. This we consider useful.

B. There are in addition, however, rumors that this cooperation may extend beyond information exchange to include plans for the

¹ Summary: The Department directed the Embassies in Argentina, Uruguay, Chile, and Bolivia to express deep concern to high-level government officials regarding rumors of assassination plotting.

Source: National Archives, RG 59, Central Foreign Policy File, P760139–1959. Secret; Immediate. Roger Channel. Repeated immediate to Brasília and Asunción. Drafted by Zimmerman and Luers on August 18; cleared by Shlaudeman, Kirk, and Habib; approved by the Secretary. In telegram 210906 to Buenos Aires, Montevideo, Santiago, La Paz, Brasília, and Asunción, August 24, the Department informed the recipients of telegram 209192 that the reference in paragraph 4 part B to “2.B.” should read “3.B.”, that the reference in paragraph 4 part C to “2.D.” should read “3.D.”, and that the references in paragraph 8 to “2.B.” and “2.C.” should read “3.B.” and “3.C.” (National Archives, RG 59, Central Foreign Policy File, P760139–2183) In an August 30 memorandum, Shlaudeman informed Kissinger of what he thought was the purpose of the *démarches*: “what we are trying to head off is a series of international murders that could do serious damage to the international status and reputation of the countries involved.” (Ibid., P860084–1945)

assassination of subversives, politicians and prominent figures both within the national borders of certain Southern Cone countries and abroad.

C. While we cannot substantiate the assassination rumors, we feel impelled to bring to your attention our deep concern. If these rumors were to have any shred of truth, they would create a most serious moral and political problem.

D. Counter-terrorist activity of this type would further exacerbate public world criticism of governments involved.

E. We are making similar representations in certain other capitals {without specifying}.

4. For Buenos Aires: You are authorized to add to your approach the following points if you deem it appropriate:

A. We are fully aware of security threats created by terrorist activities within Argentina. It is not the intention of the U.S. Government to attempt to advise the government of Argentina on how best to get its internal security problem under control.

B. Activity along lines of 2.B. would have serious negative impact on Argentine image abroad in general and foreign refinancing efforts of Martinez de Hoz, in particular.

C. In connection with para 2.D., you should include statement of our profound concern regarding attacks on refugees from whatever quarter in Argentina and make specific reference to some 30 Uruguayans who have disappeared and about whom we made representations to Ambassador Musich in Washington.

D. We are prepared to undertake periodic exchanges with the government of Argentina of information on the general level and mode of communist and other terrorist activity in the Hemisphere and elsewhere if the GOA would be interested. [FYI: We would plan to provide background material to you later to serve as a basis for oral exchanges at a level agreed upon jointly with the GOA.]

5. For Montevideo: We assume your best approach is to General Vadora rather than to either Acting President or President Designate who apparently know nothing about Operation Condor and, in any event, would probably have little influence on situation. You may use talking point D. in paragraph 4 on exchange of information if you consider it appropriate.

6. For Santiago: Discuss with [*less than 1 line not declassified*] the possibility of a parallel approach by him.

7. For La Paz: We agree with your suggestion [La Paz 3657], as you see. While we are not repeat not instructing you to make the specific démarche on Condor, you may wish to take an appropriate occasion with Banzer or other senior GOB official to propose periodic exchanges of information such as contained in para 4.D. above.

8. You will be aware of extreme sensitivity of points 2.B. and 2.C. Great care must be taken not to go beyond phrasing used.

9. For all action and info addressees: You should of course be certain that no agency of the U.S. Government is involved in any way in exchanging information or data on individual subversives with host government. Even in those countries where we propose to expand our exchange of information, it is essential that we in no way finger individuals who might be candidates for assassination attempts.

10. Warning notice: Sensitive intelligence sources and methods involved—not releasable to foreign nationals—not releasable to contractors or contractor consultants.

242. Telegram 8210 From the Embassy in Chile to the Department of State¹

Santiago, August 24, 1976, 1530Z.

8210. Subject: Operation Condor. Ref: State 209192.

1. While I appreciate importance of objective sought in reftel, I seriously doubt that an approach to President Pinochet is the best way to achieve it.

2. In my judgment, given Pinochet's sensitivity regarding pressures by USG, he might well take as an insult any inference that he was connected with such assassination plots. Furthermore, cooperation among Southern Cone National Intelligence Agencies is handled by

¹ Summary: Given Pinochet's sensitivities regarding pressure by the U.S. Government, Popper suggested approaching DINA Director Contreras, rather than Pinochet, to express the Department's concerns about Operation Condor and rumors of assassination plotting.

Source: Department of State, INR/IL Historical Files, Box 16, Santiago, 1963–1979. Secret; Immediate. Roger Channel. In telegram 3123 from Montevideo, August 24, Ambassador Siracusa suggested that the Department consider making "parallel representations" to the Embassies of the Condor countries in Washington, adding that he would defer action pending further instructions. Given recent indications that Condor operations had been shelved, Siracusa wrote that "time for consultation on this grave matter seems affordable." (Ibid., Box 16, Montevideo) On August 27, Shlaudeman, in a meeting with CIA officials, stated a *démarche* of Pinochet would be futile, but that representations to the Chilean Government would be made [*text not declassified*]. (Memorandum for the Record, August 30; *ibid.*, ARA–CIA Weekly Meetings, 1976–1977) In telegram 8223 from Santiago, August 24, Popper characterized the U.S. Government's relations with DINA as "formal, correct, and cool," and described DINA Chief Contreras as "far from a conservative, reliable intelligence operative. His credibility with us . . . is low." (Ibid., INR/IL Historical Files, Box 16, Santiago, 1963–1979) Telegram 209192 is Document 241.

the Directorate of National Intelligence (DINA). Apparently without much reference to any one else. It is quite possible, even probable, that Pinochet has no knowledge whatever of Operation Condor. Particularly of its more questionable aspects.

3. [*less than 1 line not declassified*], we have agreed that purpose of instruction will be best achieved if he conveys the message to Colonel Manuel Contreras, the head of DINA. He can do it in the context of having heard a rumor which he cannot believe, but which if substantiated would be disastrous for the perpetrators. [*less than 1 line not declassified*] I believe this would be the most effective way of getting the message across without undesirable complications.

4. I note that the instruction is cast in urgent terms. Has Department received any word that would indicate that assassination activities are imminent? The only such info we have seen is one report from Uruguay unconfirmed by other sources.

5. Please advise.

Popper

243. Memorandum From the Director of the Office of Bolivian-Chilean Affairs (Fimbres) and the Officer-in-Charge of Chilean Political Affairs (Driscoll) to the Assistant Secretary of State for Inter-American Affairs (Shlaudeman)¹

Washington, August 25, 1976.

SUBJECT

Charles Horman Case

This case remains bothersome. The connotations for the Executive are not good. In the Hill, academic community, the press, and the Horman family the intimations are of negligence on our part, or worse, complicity in Horman's death. (While the focus of this memo is on Horman, the same applies to the case of Frank Teruggi.)

We have the responsibility:

- categorically to refute such innuendos in defense of U.S. officials;
- to proceed against involved U.S. officials if this is warranted.

Without further thorough investigation we are in a position to do neither. At the moment we do not have a coherent account of what happened (see attached "Gleanings"). That is why we believe we should continue to probe.

Based on what we have, we are persuaded that:

—The GOC sought Horman and felt threatened enough to order his immediate execution. The GOC might have believed this American could be killed without negative fall-out from the USG.

There is some circumstantial evidence to suggest:

—U.S. intelligence may have played an unfortunate part in Horman's death. At best, it was limited to providing or confirming information that helped motivate his murder by the GOC. At worst, U.S.

¹ Summary: Three officers in the Bureau of Inter-American Affairs reported their research and findings in Department of State records on the disappearance and death of Charles Horman.

Source: Central Intelligence Agency, Office of Information Management Services, Job 09-02528R, Box 2, Horman/Teruggi/Weisfeiler [3 of 5]. Secret. Forwarded through Hewson A. Ryan, Deputy Assistant Secretary of State for Inter-American Affairs. The memorandum was also signed by "W.V. Robertson," possibly referring to William Van Bogaert Robertson, who at the time worked in the Office of Economic Research and Analysis, Bureau of Intelligence and Research, but may have been temporarily detailed to the Bureau of Inter-American Affairs to assist on the Horman case. The "Gleanings," which provided more detail on the memorandum's findings, is attached but not published. None of the other referenced documents, in particular, the October 30, 1973, memorandum to Colonel Hon, are attached.

intelligence was aware the GOC saw Horman in a rather serious light and U.S. officials did nothing to discourage the logical outcome of GOC paranoia.

Our leads are:

—*Rafael Gonzalez*: His mental condition is open to question. Yet this may be selective since he can also be pretty lucid. If he is unbalanced, it is for Chilean intelligence to explain why they kept him on the payroll for so many years and used him as contact with us on Horman. We should question him further along the lines suggested in the enclosure.

—*Enrique Sandoval's brother*: Inquiry would have to be made with considerable discretion. Approaching the brother (most likely, Colonel Guillermo Sandoval Velasquez) to confirm Horman was shot at the stadium would be terribly sensitive. Revelation of his indiscretion in 1973 would endanger the Colonel and possibly others. We are skeptical that anything positive can be accomplished through this line of inquiry.

—*The GOC*: The Chileans have failed satisfactorily to explain why Gonzalez was chosen to deal with our Consulate in the search for Horman's body. We could press them on this point. Preferably after we clarify a few things with Gonzalez. We could also ask for a complete copy of the autopsy of Horman's body, which we do not seem to have.

—*CIA*: [4½ lines not declassified]. Further, we find it hard to believe that the Chileans did not check with the Station regarding two detained Americans when the GOC was checking with Horman's friends and neighbors regarding Horman's activities. The Station's lack of candor with us on other matters only heightens our suspicions.

—*Other Actors*: Accounts by Mrs. Horman, Terry Simon, Frank Manitzas, Capt. Davis, and others don't all fit in place. There is room for further inquiry here. But this should wait a bit.

—*Coroner/morgue*: We have accepted without questioning the morgue record that a body, later identified as Horman's, was dumped in the street and was logged into the morgue at 1330, 9/18. A death certificate was issued a week later and an autopsy was performed October 5 putting the time of death as 0945, 9/18. This implies that Horman was killed no later than about 17 hours after being detained. That is, he was shot early 9/18. This is in conflict with reports the Chilean intelligence was trying to get a line on Horman throughout the morning of 9/18. Is it possible the records are phony to conceal the time of death? And why?

—*DIA/FBI*: We have asked INR to question both DIA and FBI about any records they might have on Horman and Teruggi. We have assumed all along that the liaison, if any, was the CIA. We may be wrong. This is an avenue we have to either follow or close.

—*Teruggi*: Finally, the Horman and Teruggi links are interesting. Both worked for FIN (clipping service), did chores for Professor Fagin at the Ford Foundation, and both were arrested and almost immediately shot. Of 80 Americans who required the Embassy's attention, only these two appear to have been tortured and then shot. In their October 30 memo to Colonel Hon the Chileans lumped them together as radicals. Gonzalez' statement that Horman was considered as knowing too much comes to mind. Further inquiry must tie in the circumstances of both deaths.

244. Telegram 8956 From the Embassy in Chile to the Department of State¹

Santiago, September 13, 1976, 2200Z.

8956. Subject: Chile: Little Comfort in Pinochet's Third Anniversary Speech.

1. On September 11, the third anniversary of the assumption of power by the Chilean junta, President Pinochet delivered a major address which provides an opportunity to assess the effect of your representations with the Chilean Government concerning the human rights question.

2. I regret to report that the President's declaration contains little of encouragement to us. On the whole, as the Embassy is reporting in detail, the speech was a hard-line reaffirmation of existing policies and practices.

3. The President's only reference to relations with the United States reads as follows: "As for our ties with the United States of North America, in spite of obstacles that some political elements of that country have persistently created, even to the point of breaching rules and principles of international law, our bilateral relations are on a good footing. The personal contact that the Chief of State who is speaking (i.e. Pinochet) had in Santiago with the Secretary of State Mr. Kissinger last June contributed importantly to this; so likewise did the positive view of our economic progress that Secretary of the Treasury Mr. Simon was able to recognize and divulge during his visit to Chile".

4. Contrary to our hopes, the speech gives us no reason to expect any imminent liberalization of the GOC's human rights practices. On the contrary, the tone is one of a need for continued and even increasing authoritarianism, together with an insistence that only military government over a prolonged period can create the conditions for a new democratic order in Chile. Not announced in the speech was a decision the same day to release 205 additional political prisoners held under the state of siege. This is welcome, but does not indicate that detentions and "disappearances" have ceased to occur in Chile. They still do occur.

5. The Constitutional Acts—sections of an as yet uncompleted new Constitution—which the President promised to promulgate in this speech are now on the record. One of them deals with constitutional

¹ Summary: The Embassy reported that in a speech commemorating the third anniversary of the establishment of the Chilean junta, Pinochet failed to indicate that there would be any imminent liberalization of human rights practices.

Source: National Archives, RG 59, Central Foreign Policy File, D760345–0603. Secret; Priority; Limdis.

rights and duties. While elaborate, it abounds in qualifications which vitiate much of its substance. Moreover, the exercise of rights continues to be subject to the restrictions imposed during periods of state of siege. These emergency powers are themselves recodified in a second Constitutional Act. Contrary to our hope, President Pinochet did not take advantage of the occasion to reduce the level and severity of the state of siege, as he has previously done on junta anniversaries.

6. The culminating point in the speech was a stern warning to the government's democratic critics that it intended drastically to tighten up the current "political party recess in order to cut off efforts to revert to an earlier political system or to oppose the regime. In this context the speech must be read as an injunction against further criticism and political activity by democratic political figures, church leaders and independent trade unionists. A similar threat is directed to the press and media.

7. On the economic side, the speech generally maintains the current policy line, though there are indications that the Government's austerity policy will be somewhat relaxed in 1977 and that social assistance activities will be intensified.

8. Related to all the foregoing, you may have noticed that the GOC has failed to reach an accommodation with the United Nations Human Rights Commission working group to end the controversy between them over the abrupt cancellation of the working group's visit in July 1975. The working group report to be submitted to the forthcoming United Nations General Assembly will probably be at least as negative as previous reports. Pinochet gave no hint of flexibility on this subject.

9. Accordingly, while Chile's human rights practices are generally no worse than those of other Southern Cone states, it is difficult to foresee any improvement in our problems with Chile over human rights matters in the immediate future.

Popper

245. Telegram 4526 From the Embassy in Costa Rica to the Department of State¹

San José, September 20, 1976, 1818Z.

4526. Subject: Operation Condor. Ref: State 231654.

Unless there is some complication I am unaware of, there would seem to be no reason to wait my return. You can simply instruct the Ambassadors to take no further action, noting that there have been no reports in some weeks indicating an intention to activate the Condor scheme.

Todman

¹ Summary: Noting that there had been no reports in some weeks indicating an activation of Operation Condor, Shlaudeman instructed that no further action be taken.

Source: National Archives, RG 59, Central Foreign Policy File, D760355–0146. Secret; Immediate; Exdis. Shlaudeman was in Central America September 15–21. (Telegram 226288 to San José, Managua, San Salvador, Guatemala, and Tegucigalpa, September 13; *ibid.*, D760345–0605) In an August 30 memorandum to Kissinger addressing Siracusa's hesitation to raise Operation Condor with the Uruguayan Government, Shlaudeman recommended that U.S. officials deliver a démarche on Operation Condor to Uruguayan officials in Washington and Montevideo. In telegram Secto 27128 from Lusaka, September 16, Kissinger informed the Department that he had declined to approve the proposed message to Montevideo instructing Siracusa to deliver a démarche on Operation Condor; the telegram also noted that Kissinger had "instructed that no further action be taken on this matter." (*Ibid.*, D760350–0102) In telegram 231654 to Managua, September 18, Luers informed Shlaudeman of Kissinger's decision and noted, "I will await your return to discuss how best to clear the boards with the Ambassadors on this matter." (Department of State, INR/IL Historical Files, Box 16, Managua, 1961–1979)

246. Memorandum From Mary Brownell and Dan Mozeleski of the National Security Council Staff to Les Janka of the National Security Council Staff¹

Washington, September 21, 1976.

SUBJECT

Bombing of Former Chilean Ambassador's Car

At approximately 0915 this morning an explosion destroyed an auto in the vicinity of the Rumanian and Irish Embassies near Sheridan Circle. Two persons were killed and one injured. Neither Embassy was damaged, but a car belonging to an Embassy employee reportedly was damaged.

One of the dead has tentatively been identified as Orlando Letelier, former Chilean ambassador to the United States and a prominent figure in the Allende government. The identification of the deceased as Letelier is reasonably certain, but we do not yet know if the next of kin has confirmed the identity of the body. Letelier has been in the U.S. for a couple of years after being imprisoned in Chile after the coup. He was the director of the Trans National Institute, a policy research organization in Washington; he also taught at American University. We understand from State that his release from Chile was brought about as a result of pressure from the Hill, major U.S. newspapers, and the Department.

The other two people in the car are identified as Michael and Veronica Moffitt, both of whom also work at the Trans National Institute. Michael Moffitt is the only survivor. (Do *not* release the names of the Moffitts as we do not yet know if the next of kin have been notified.)

The FBI is conducting the investigation in cooperation with the Metropolitan Police Department. FBI jurisdiction arises from the law Protecting Foreign Diplomats and International Persons which has a provision covering former ambassadors to the United States.

No group or individual has claimed credit for the bombing, and we have no evidence on the perpetrators or their specific motivation. In view of Letelier's role in the Allende government, right wing Chil-

¹ Summary: NSC staff members reported that a car bomb had killed former Chilean Foreign Minister Orlando Letelier and his American assistant, Veronica Moffitt, in Washington. They added that while right-wing Chileans were obvious suspects, it seemed unlikely that they would wish to create a martyr for the Chilean left.

Source: Ford Library, National Security Adviser, National Security Council Latin American Affairs Staff Files, Box 1, Chile, Political, Military, 3. Official Use Only. Sent for information. Attached but not published is a suggested statement on the bombing.

eans are the obvious candidates. But they seem to be *too* obvious, and we think that they would think twice about creating a martyr for the Chilean Left. We know of no specific event which would precipitate the bombing as an act of revenge. Nor is there any specific action under way on the Hill or in the UN which could be linked to the murder.

We suggest that you use the attached statement trying to keep the event in a low key until we have something firm to work on.

247. Telegram 9212 From the Embassy in Chile to the Department of State¹

Santiago, September 21, 1976, 1958Z.

9212. Subject: Assassination of Orlando Letelier. Ref: Luers-Popper TelCon, September 21.

1. I appreciate prompt advice to us concerning bombing of ex-GOC FonMin Letelier and his two companions. Details are filtering in from Washington, including Senator Abourezk's statement attributing responsibility to "Chilean Tyranny". As of 1500 hours local, GOC has maintained public silence.

2. Department will be better able than we are to estimate the extent of the adverse effect of this outrage on the junta's position in the United States. We are sure there will be a verbal outburst, and note that the assassination could not have been better timed to attract the attention of the United Nations General Assembly now convening in New York.

¹ Summary: Ambassador Popper speculated on who might have been behind Letelier's assassination.

Source: National Archives, RG 59, Central Foreign Policy File, D760356–0956. Secret; Immediate. No record of the September 21 Luers-Popper telcon has been found. In a September 21 letter to Kissinger, Trucco expressed "the most complete repudiation of such a condemnable action," and requested a U.S. Government investigation. (Ibid., P900101–0906) On September 25, Shlaudeman informed Habib: "My CIA counterpart tells me that all the reports we have on this subject [Operation Condor] have been disseminated to the FBI. The Agency has also responded to requests from the Bureau for traces on several possible Chilean suspects." (Memorandum from Shlaudeman to Habib, September 25; *ibid.*, P840037–1089) On October 4, Associate Deputy Attorney General Giuliani sent a summary of the FBI's investigation of the car-bombing to Edward Schmultz, the Deputy Counsel to the President. The summary stated that "the manpower being devoted to this investigation varies depending on the leads, but is estimated to be approximately 75–100 special agents working on the case throughout the United States." (Ford Library, Edward C. Schmultz Files, Box 17, Letelier Bombing Investigation) On October 5, Schmultz forwarded the summary to Duval.

We would guess that the GOC would hasten to deny all responsibility. It may well suggest the affair is a leftist provocation designed to hurt the GOC. This is not inconceivable, but is unlikely to be widely accepted in the absence of any confirming evidence.

3. We recall two previous instances in which junta opponents were mysteriously attacked: The case of General Carlos Prats, killed in Buenos Aires in September 1974, and the case of Bernardo Leighton, seriously wounded in Rome in October 1975. In both cases, to our knowledge, investigation as to the perpetrators proved fruitless. The attack on General Alfredo Canales, the junta's Ambassador in Beirut in July 1974 has remained equally mysterious.

4. Based on obvious motivation, suspicion will fall first of all on the GOC Directorate of National Intelligence (DINA). Letelier was a first-rank political foe of the junta. He was politically active in exile. Silencing him will tend to inhibit some other exiles from speaking, writing or plotting against the junta.

5. But we have never had any indication that DINA was in any way operational in U.S. territory, and it is difficult for us to believe that even its rather fanatical leaders would expose themselves to the consequences of being implicated in a terrorist act in Washington. Further, if DINA had been planning to kill Letelier and if President Pinochet knew of such plans, it seems to us unlikely that the Chileans would have promulgated so shortly before the crime the decree depriving Letelier of his Chilean citizenship.

6. Another possibility is that DINA or other GOC sources could have stimulated action by some rightist group located outside Chile. We have in mind possible cooperation by Southern Cone Government security authorities to eliminate enemies abroad. We hope our intelligence efforts in other capitals will follow up on any indications that Southern Cone Government intelligence agencies are organizing for terrorism outside the region.

7. Here in the Embassy we are confining ourselves to referring all inquiries to USG spokesmen in Washington. We will beef up our local security precautions against the possibility that an action-reaction syndrome could temporarily make us a target for Chilean response to emotional statements from the U.S.

Popper

248. Memorandum for the Record¹

San Jose, September 22, 1976.

SUBJECT

Chile—Charles Edmund Horman

During his 19–21 September 1976 visit to the San Jose Embassy, Mr. Harry W. Schlaudeman, Assistant Secretary of State for Latin America Affairs, told the writer that there continues to be considerable interest, Congressional, organizational, and private, in the circumstances surrounding the death of Mr. Charles E. Horman in Chile in September 1973. He said this interest has been enhanced by the statements made by Rafael Gonzalez Verdugo, Chilean Air Force Intelligence Officer, who is in asylum in the Italian Embassy in Santiago and has said that he was present when orders were given by General Lutz for Horman to be executed. (See attached copy of an article from the *Washington Post* dated June 10, 1976.)

In view of the above the writer felt that it might be of assistance for him to recount to the best of his memory what he recalls about this case and also to forward copies of some of the memoranda prepared by him during the investigation by the Consulate of this case. (The memoranda held by the writer are not complete by any means, however, it is assumed that all memoranda are available in the Department of State, since the file on Horman was sent to SCA.)

The writer would like to say that he had no direct dealings with the widow of Charles Horman, and his conversations with Horman's father, Mr. Edmund C. Horman, were very limited and if the writer recalls correctly were limited to two. Mr. Frederick Purdy, Consul in Santiago at that time, was the person who dealt most extensively with these two relatives.

As background, and the writer again wishes to stress to the best of his memory, the Consulate was first advised of the fact that Charles

¹ Summary: In response to continuing controversy surrounding the disappearance and death of Charles Horman, James E. Anderson summarized his involvement in the case.

Source: Central Intelligence Agency, Office of General Counsel, Job 12-01548R: Legan Subject Records Files (OGC), Box 1, Chile Special Search Project, CIA Documents Denied in Full Pertaining to Charles Horman and Frank Teruggi—Gonzales/Privacy Issues—[less than 1 line not declassified]. No classification marking. Anderson, who had been a counselor officer in Santiago in September 1973, was a political officer in San Jose in September 1976. None of the documents referenced in the memorandum were attached to this copy.

Horman had been detained on 18 or 19 September 1973 when his wife appeared at the Consulate to ask for assistance. It is believed that she returned to the Consulate several other times and that other inquiries were made by friends of Horman. The writer assumes that the Consulate records on Horman were checked with negative results, because the Consul always said that Mr. C. Horman was not registered. The name of Horman was added to the Consulate's list of those persons that could not be located and was checked on an almost daily basis with lists maintained by the Chilean authorities of persons detained in the National Stadium. The writer knows that this was done because he was present and assisted in checking the list on at least three occasions. The name of Horman was never located on the listings and the Chilean authorities at the National Stadium consistently denied that he was in the Stadium or had ever been in the Stadium. In addition, checks were made at the morgue and hospitals in an effort to locate this missing U.S. citizen. The writer at this time is unable to give any other information as to the type of reports which may have been received by the Consul or which might have been results of actions taken by the Consul, although there is a complete chronology available in the Department.

At the request of the Ambassador and when the Consulate finally received some manpower assistance from the Embassy, the writer on 1 October 1973 went to the address of Charles Horman to make a neighborhood check to try to ascertain by whom and when Horman had been detained. Attached is a copy of a memorandum prepared at that time of the results of that investigation. Also attached is a copy of another memorandum dated 1 October of a conversation with Mr. Steven Volk, a friend of Mr. Horman.

On 5 October 1973 the father of Horman, Mr. Edmund Horman, arrived in Chile to press for a continued and more thorough search for his son. Attached is a copy of a letter written by the father to Senator J. William Fulbright and which appeared in the *Congressional Record—House* on October 31, 1973. The writer believes this letter pretty well covers the present feelings and viewpoints of Mr. Horman on the activities of the Embassy and the Consulate in regard to the search for his son.

The writer talked to Mr. Horman on the first occasion to cover information provided to the writer on 8 October 1973 by Mr. Timothy Ross, a British journalist in Santiago. The writer does not have a copy of the memorandum prepared on October 8, but attached are copies of memoranda dated October 10, 15, and 17, 1973 which set forth the writer's activities and Mr. Ross' statements. (Also attached are two memoranda dated October 18, 1973 covering discussions with other persons in the investigation of the disappearance of Mr. Horman.) The

only other occasion that the writer was with Mr. Horman was when Mr. Horman accompanied the writer and Mrs. Marian Tipton, another Consular Officer, to lunch. No substantive comments were discussed at this lunch.

As a result of pressure from the Embassy and the contacts made by Mr. E. Horman during his visit to Chile, the body of C. Horman was finally located by the Chilean authorities in mid-October 1973. The writer recalls that the Consulate was told by the Chilean authorities that it had taken so long to locate the body because of a mixup or misreading in the cadaver's fingerprints, and the body was interred as unidentified. The Consulate took efforts to have the body disinterred and returned to the morgue for a complete autopsy, which was carried out. The cause of death was determined as multiple bullet wounds, and if the writer recalls correctly, seven bullets had penetrated the body. The Consulate and the Embassy then started pressing for the release of the body for return to the U.S. for proper burial. However, the body was not released until March 1974. During this long lapse the Consulate was repeatedly assured that the body was under refrigeration, however, this was incorrect, since at a date unknown the body was again interred.

In March 1974, while the writer was in the Consulate alone, a person who identified himself as Rafael Gonzalez Verdugo appeared at the Consulate. He said he was a Chilean Intelligence Officer connected with the Air Force and that he had received orders from Military Intelligence to assist the Consulate in obtaining possession of Horman's body for shipment to the United States, but that this had to be done immediately. This is after more than four months of constant pressure by the Consulate and the Embassy. Since retrieval of the body was of major concern, the writer accompanied Gonzalez to the cemetery and obtained its release. The writer does not have a copy of the memorandum which he prepared covering his actions taken with Gonzalez; however, he does recall asking Gonzalez how and why Horman was killed and Gonzalez said that he must have been out after curfew or else leftist terrorists killed him. The writer asked Gonzalez why it had taken so long for the authorities to release the body and he said it was because the Chileans were conducting an investigation into what had happened to Horman and because of normal Chilean red tape. In other words, Gonzalez was very non-committal about the circumstances and said he had only been detailed to assist the Consulate in obtaining possession of the body, which was buried in the National Cemetery. The writer refrained from asking too many questions because he did not want anything to delay the acquisition of the body.

When Gonzalez walked into the Consulate in March 1974, the writer recognized his face and later checked Consulate records and

found that he had refused Gonzalez a nonimmigrant visa to the U.S., the writer believes sometime in 1972. The reason for the refusal was that he had been residing in the U.S. in an irregular status for several years. The writer does not recall Gonzalez mentioning during the visa interview that he had a U.S. citizen child or that the child was ill, however, he may well have done so (it is possible that this refusal report is still on file with the Consulate in Santiago). While with Mr. Gonzalez in March 1973, the latter did not bring up the visa refusal nor did the writer, however, Gonzalez did say that he had been to the U.S. assigned with CORFO as an undercover Chilean Intelligence Officer and that is why he spoke such good English. To the best of the writer's knowledge and recollection, the visa refusal interview and the day we went together to get Horman's body are the only times the writer saw or talked to Gonzalez. It is possible that Gonzalez returned to the Consulate several times to try to overcome the visa refusal.

The writer is unaware of all the allegations made by Gonzalez, however, he has heard that Gonzalez has said that Gonzalez and the writer had a social relationship dating back to 1972. As indicated above, this is untrue. Gonzalez has also indicated, according to what the writer has heard, that he knew the writer had a "dual role" in the Consulate. The writer cannot comment upon what this allegation might have been based, however, it should be recalled that on several occasions the writer was accused of being an Agency employee in Chile by certain Chilean press and TV commentators. As to other statements or ideas which are alluded to in the *Post* article, the writer does not recall ever having met General Lutz and he knows he was never in Lutz's office or home. The Defense Attache, (Col. William Hon), to the best of the writer's knowledge, held all conversations with Lutz in regard to Horman's death. The writer has no information relative to the possibility that an "American Intelligence Officer" was present, but doubts this statement to be true because of the situation in Chile at that time. At no time did any Chilean, either civilian or military, admit to the writer direct knowledge that he or she knew that Horman was arrested by the military authorities and/or executed. To the best of the writer's knowledge, neither the Consulate nor the Embassy was ever able to prove that Horman was taken to the National Stadium. The writer has no information as to why the Chilean authorities delayed such a long time prior to releasing the body. When Horman's body was shipped to the U.S. it was addressed to the Forensic Laboratory in New York City. It was not until members of the GAO investigating team interviewed the writer in La Paz, Bolivia, that the writer was even sure that the body shipped was in fact that of Horman. At that time, GAO team members said that the body had been positively identified as Horman's by the laboratory.

The writer wishes to stress once again that he has no knowledge of why Horman was detained if in fact he were, why he might have been shot, or any other knowledge of this case which has not already been reported to the Department of State. He is not concealing any information. One might ask if this were true why the writer kept copies of statements and memoranda. The reason for this is that the writer prepared a draft cable for his supervisor because of the sensitivities of this case. Accompanying this draft telegram was background information for use by his supervisor in deciding whether or not to transmit the draft. (The writer did not know that the cable was even sent until June 1976 when he saw it in Washington.) Apparently the supervisor had the copies of the background information held in the writer's personnel file because in October 1974 they were sent to him in La Paz for his review. Also attached is the copy of the note forwarding these documents.

249. Memorandum From the Assistant Secretary of State for Inter-American Affairs (Shlaudeman) to Secretary of State Kissinger¹

Washington, October 8, 1976.

Operation Condor

[*less than 1 line not declassified*] reporting on the approach made in accordance with your instructions to Colonel Contreras, Chief of the Chilean National Directorate of Intelligence (DINA). As expected, Con-

¹ Summary: Shlaudeman reported that, when questioned about Operation Condor, DINA Director Contreras responded that it consisted only of intelligence-sharing operations and that it did not involve the planning of assassinations.

Source: National Archives, RG 59, Central Foreign Policy File, P860053–1545. Secret. Attached and published is a memorandum summarizing an October 3 meeting with Contreras in Santiago. In telegram 246107 to Santiago, October 4, drafted on October 2, Shlaudeman informed the Embassy in response to telegram 8210 from Santiago, published as Document 242, that the Department agreed “that our purpose can best be served through [*less than 1 line not declassified*] approach to Contreras and that the issue should not repeat not be raised with Pinochet. [*less than 1 line not declassified*] is receiving instructions to consult with you on manner and timing of approach.” (Department of State, INR/IL Historical Files, Box 16, Santiago, 1963–1979) In an attached note, Shlaudeman informed McAfee, “I have authority from above for this. Would appreciate *no* clearances shown and distribution confined to S, P, M, you and me.”

treras denied that Operation Condor has any other purpose than the exchange of intelligence. Contreras also revealed that he was already aware of our concern.

The approach to Contreras seems to me sufficient action for the time being. The Chileans are the prime movers in Operation Condor. The other intelligence services are also aware of our concern [*less than 1 line not declassified*] and now, undoubtedly, by way of Contreras. We will continue to watch developments closely and recommend further action if that should be necessary.

Attachment:

[*less than 1 line not declassified*]

1. [*1 line not declassified*] met with Juan Manuel Contreras, Chief of the Chilean National Directorate of Intelligence (DINA), and an aide to discuss Operation Condor.

2. [*less than 1 line not declassified*] is very worried about reports it has received from various sources on the formation of Operation Condor by DINA and its counterparts in the Southern Cone and Brazil. [*less than 1 line not declassified*] that according to our reliable information, Operation Condor consists of two elements: the exchange of intelligence concerning extremists and the planning of executive actions—assassinations—against extremists in Europe and other foreign areas. [*less than 1 line not declassified*] is extremely concerned about the latter aspect. Contreras said that he was aware of our concern.

3. Contreras said that our information is distorted. Operation Condor does exist, has its headquarters in Santiago, but its only purpose is the exchange of intelligence concerning the extremists within the participating countries, which include Chile, Argentina, Uruguay, Paraguay, Bolivia, and Brazil. Contreras added that Condor can already take credit for preventing two assassination attempts against President Hubo Banzer of Bolivia. He commented that any Condor member would be violating the agreement if it carried out any missions independently of the others and expressed confidence that such had not occurred.

4. Contreras denied that Condor is even thinking of implementing executive actions even though the extremists are planning and carrying out such actions all the time. As examples, Contreras cited the attempted assassination of President Jorge Videla of Argentina on 2 October and an uncovered attempt against President Augusto Pinochet of Chile about a month ago. Contreras commented that even if DINA had contemplated executive actions in Europe, which it has not, it could be carried out effectively only by agents who had lived in Europe for a long time and DINA has no agents who meet this criteria.

5. Contreras claimed that DINA has only two officials abroad, a liaison officer in Brazil and another in Argentina, and denied that there

are any officials in Europe or Washington. According to Contreras, Colonel Mario Jahn, former deputy director of DINA, reverted back to the Air Force before leaving on his assignment to Washington. (He arrived in January 1976 to become a member of the Inter-American Defense Board.)

6. Contreras repeated that *[less than 1 line not declassified]* its fears about Condor's real motives are unfounded.

250. Letter From Attorney General Levi to Director of Central Intelligence Bush¹

Washington, October 9, 1976.

Dear Mr. Bush:

As you are aware, the Department of Justice is conducting an investigation to determine who may have been involved in the death of Orlando Letelier, the former Chilean ambassador to the United States who was assassinated on September 21, 1976, in Washington, D.C. On the basis of information developed in that investigation, we have reason to believe that the responsible parties may be outside the United States, and that the assassination may be part of a program of violent activities directed by foreign powers, foreign organizations, or their agents at persons within the United States or elsewhere.

I have been advised that information leading to a determination of whether any foreign powers or their agents have been or may be involved in such a program of violent activities would be significant foreign intelligence and/or counterintelligence as defined by Section 2(a) of Executive Order 11905. I understand that the Central Intelligence Agency may be in a position to obtain information bearing on these violent activities. I have recommended that the National Security Council consider levying requirements upon the CIA to develop abroad such foreign intelligence or counterintelligence information. If the National Security Council endorses my recommendation, I am satisfied that such a request would

¹ Summary: Levi requested that the Central Intelligence Agency collect appropriate foreign intelligence and counterintelligence information in support of the Department of Justice's criminal investigation of the Letelier assassination.

Source: National Security Council, NSC Intelligence Files, INT File. No classification marking. On October 21, Scowcroft sent a memorandum to Levi indicating he endorsed his recommendation. (Ibid.)

be in accordance with applicable laws and regulations relating to CIA activities including Section 4(b) of Executive Order 11905.

A criminal investigation into the Letelier assassination is presently being conducted by the Department of Justice in conjunction with the Office of the United States Attorney for the District of Columbia. Since, as noted above, CIA's compliance with a National Security Council request would be in accordance with the applicable laws and regulations, information developed as a part of the Agency's foreign intelligence and counterintelligence activities which would be subject to dissemination pursuant to Section 5(c) of Executive Order 11905 and the applicable guidelines I have promulgated pursuant thereto may be disseminated in accordance with such procedures.

Sincerely,

Edward H. Levi
Attorney General

251. Telegram 10032 From the Embassy in Chile to the Department of State¹

Santiago, October 16, 1976, 1610Z.

10032. Subject: Chile: FonMin Carvajal on Termination of U.S. Aid. Ref: State 252354.

1. In the course of my meeting with FonMin Carvajal October 15 he referred to his meeting with the Secretary in New York on October 7. Carvajal said the GOC has made a firm decision not to request further bilateral assistance from the United States. He said that the amount now involved was not significant enough in current Chilean

¹ Summary: Noting that requests for aid prompted congressional and other attacks on the Chilean Government, Carvajal told Popper that Chile would not seek further bilateral assistance from the United States.

Source: National Archives, RG 59, Central Foreign Policy File, D760389-0704. Secret; Exdis. In a September 21 meeting with Simon and Parsky, Cauas indicated that the Chilean Government was "planning to tell U.S. not to proceed with aid to Chile"; the Chilean Finance Minister explained that "after much deliberation GOC has decided that given small amount of aid involved and given stress every time aid to Chile is brought up, it was not worth it." (Telegram 252555 to Santiago, October 12; *ibid.*, D760383-0798) In telegram 252354 to Santiago, October 12, the Department reported on an October 7 meeting between Kissinger and Carvajal, in which the Chilean Foreign Minister stated that "the GOC believes it would be better to eliminate all bilateral economic assistance next year." (*ibid.*, D760382-0941)

economic terms to warrant the Congressional and other attacks on the Chilean regime which would take place. Accordingly, the Chileans do not wish to be included in our next budget cycle for bilateral assistance.

2. The FonMin said the Secretary had promised to think about the matter. I said that we might be getting some instructions from Washington in response to his discussion of this subject with the Secretary and Finance Minister Cauas' similar statement to Secretary Simon.

3. Turning to the UNHRC Working Group report, Carvajal said he had raised with the Secretary the possibility that the UNGA might recommend economic sanctions against Chile. Carvajal said the Secretary had assured him we would "oppose, or at least not support" any recommendations for economic sanctions.

4. Comment: Carvajal's understanding of the discussion squares generally with reftel.

Popper

252. Airgram A-155 From the Embassy in Chile to the Department of State¹

Santiago, October 19, 1976.

SUBJECT

Ambassador's Discussion with Foreign Minister Carvajal

Summary: Queried as to the possibility of beginning a gradual relaxation of human rights restrictions in order to improve Chilean-U.S. relations, Foreign Minister Carvajal showed rock-hard resistance to any changes in Chile which would, as he put it, weaken its resistance to the onslaught of international communism. Carvajal maintained in essence that democracies had failed in Chile and elsewhere, and that

¹ Summary: Popper reported on an October 15 conversation in which he asked Carvajal about the possibility of a gradual relaxation of human rights restrictions in order to improve U.S.-Chilean relations. According to the Ambassador, the Foreign Minister showed rock-hard resistance, claiming that the threat of international communism justified Chile's measures.

Source: National Archives, RG 59, Central Foreign Policy File, P760166-0456. Confidential; Limdis. Drafted and approved by Popper. In telegram 10130 from Santiago, October 20, the Embassy reported on a statement by Pinochet that the Chilean Government would not accept foreign loans that stipulated that the recipient take particular political action. (Ibid., D760393-1060)

Chile was content to wait until the rest of the world realized that it had chosen the right course. *END SUMMARY.*

I visited the Chilean Foreign Minister, Vice Admiral Patricio Carvajal, October 15 for a *tour d'horizon* on the occasion of his return from the United Nations General Assembly meeting in New York, and prior to my departure for Washington. The more immediately topical aspects of the conversation are reported in a number of cables.

Following 45 minutes of official discussion, after the notetakers had put away their notebooks and before departing, I said I would like to add a more personal word. I said I was going to Washington greatly disappointed by the evident deterioration of the relations between our two countries. I did not want to argue with him once again the rights and wrongs of our respective positions, but I would be interested to know whether he saw any prospect for an evolutionary change in Chile which might reverse the current trend in our relationships.

It seemed to me that the Chileans must realize that the American preoccupation with the maintenance of human rights standards in other countries, and very notably Chile, was increasing rather than decreasing. I did not foresee any immediate change in this regard.

Even compared to its neighbors, Chile remained an outstanding example of a government which followed a highly restrictive policy in the human rights area. The junta had been in power for more than three years. It had wiped out or decimated the known Marxist opposition. Ever since the first few months of its incumbency, terrorism had been almost entirely absent. The domestic tranquility which prevailed in Chile today was probably unequalled anywhere in South America. There was no immediate threat to the stability or tenure of the Government.

In these circumstances, I remarked, it was difficult for Americans to understand how the Government could justify the maintenance, without any relaxation, of the state of siege. Under it, Chileans continued to be deprived of those individual procedural rights and safeguards to which Secretary Kissinger had referred in his June 8 speech before the OAS General Assembly. It was not for me to tell the Chileans what they should do to solve their problems, but I had to say that the conclusion seemed to me inescapable: If Chile really wished to avoid continued isolation from the countries of the advanced Western world, it could with no appreciable risk begin an evolutionary process of restoring individual rights.

I asked Carvajal what he thought the prospects were for developments along this line.

The Minister replied with a vigorous "No", followed by a series of spirited monologues in effect justifying the maintenance of all current

restrictions. Much of this covered all too familiar ground. The basic argument was that Chile had been a target of “communist” attacks. The Allende Government had destroyed democracy in Chile, and the forces of world communism were inflexibly determined to overcome the government which had destroyed Allende and restored freedom to the Chilean people.

The political warfare of the communists was evident in many ways, Carvajal asserted. It could be seen in the unbalanced treatment given to Chile in the columns of the *New York Times* and the *Washington Post*. It could be heard over the air through broadcasts of the 26 Russian transmitters which every night carried “Escuche Chile”, a daily half-hour Spanish language news and propaganda program. It was evident in the extreme bias of the UN Human Rights Commission Working Group and especially its Chairman, Mr. Allana of Pakistan. Chile could not get a fair hearing in any international organization. It was only necessary to see what had happened in UNESCO, where discriminatory attacks on Chile were interjected in public sessions, while a proposal that UNESCO hear Soviet dissident Andrei Amalrik was thwarted.

Carvajal’s conclusion was that the GOC simply could not afford to relax. The present policy line was a necessity if Chileans were to be free to live and work in tranquility. France had frequently strayed from a liberal democratic system, sometimes with vast internal disorder, but nobody condemned the inconstant French for their autocratic governments. For almost the first time in 140 years, Chile had found it necessary to do so, for compelling reasons. The Chilean Government did not intend to permit in Chile the kind of political chaos now existing in Southern Europe.

Moreover, the Minister volunteered, the junta had no intention of coming to terms with the Christian Democratic Party. The Christian Democrats had been responsible for the accession of Allende, he stated bitterly. President Frei had been a weak man, and under him the Christian Democrats had been demagogic, immoral and arrogant. Chile did not intend to go back to that situation.

Carvajal returned repeatedly to the theme that, under communist influence, Chile’s opponents were attacking it in an unbalanced and discriminatory way. Nobody had attacked the British for their behavior in Northern Ireland over a period of years, although it was far worse than what the Chileans had had to do. The Argentine Government had been unable to prevent several thousands of violent political killings for years, but Argentina was not in the dock as Chile is. The Chilean Government had had no connection whatever with the murder of Orlando Letelier, but American senators assumed immediately that it must have been responsible. The Directorate of National Intelligence (DINA) was not such a super force as to be able to have disposed of

General Prats in Buenos Aires, Bernardo Leighton (almost) in Rome, and Letelier in Washington at almost precise annual intervals. Carvajal was sorry that Letelier had died, but it was a mistake to regard him as an idealist. Carvajal knew from his own experience in the GOC Defense Ministry that Letelier had been involved in an incredible plot designed to land an airplane carrying arms in Chile in circumstances that appeared to implicate the CIA. (This was not fully explained.)

At various points in the course of Carvajal's remarks, I interjected the obvious observations and corrections. I sought to bring him back to the original area of discussion, noting that whatever might have been the case in the past, the concern with international human rights in the United States no longer focussed so narrowly on Chile. Chile had after all been a leader in the political and social evolution of the Western world. Its present status was all the more striking to humanitarians who by no stretch of the imagination could be said to be communists.

Carvajal responded by stating his conviction that no action which Chile could realistically take would satisfy the opposition. It would only weaken Chile and lead to pressures for further relaxation. Of what use would it be, he asked, to shorten or abolish the curfew, or to release Luis Corvalan, the Chilean Communist Party leader. This would only feed the fires.

I said it did not seem to me that these were the things Chile could best do to set the stage for an improvement in our relations. Rather, the Chileans should look at the arbitrary detentions which were still taking place, the "disappearances", the lack of any civilian tribunals to adjudicate internal security cases, the many allegations of torture and the like. I repeated that I personally thought a start could be made in these areas with no risk whatever to Chilean security.

By this time more than 45 minutes had gone by since the start of the discussion. I again expressed my disappointment that, in the circumstances, there seemed to be no prospect for improving our relations. Carvajal said he was sure the junta was on the right track. Chile would wait, even if it suffered. As time went on the rest of the world would come to understand the real situation and would join Chile in its campaign against international communism.

COMMENT: Interestingly, Carvajal did not attempt to maintain, as Chilean spokesmen in the United Nations often do, that human rights violations were not being committed in Chile. He did not once refer to the constitutional acts promulgated after President Pinochet's September 11 address—acts which inter alia purport to establish the basis for an updated human rights regime for Chile. Only at the very end of the discussion did he make a short reference to the desirability of instituting a new and purified democracy at some vague and indefinite time in the future.

From the beginning both of us emphasized that we were speaking personally, and it would therefore be unfair to regard Carvajal's adamant stand as an official policy line. Nevertheless, his view is typical of the thesis propounded by Pinochet's right wing advisers and espoused by the hard-line armed forces leaders. It is worth noting that Carvajal did not always talk this way. In my many contacts with him between February 1971 and July 1975 he was relatively moderate and reasonable, reflecting the thought that in due course the junta would be prepared to relax its emergency arrangements and move back toward political normality. Carvajal's conversion began with the uproar created by Pinochet's abrupt, last-minute refusal to allow the UNHRC Working Group to enter Chile in 1975. His posture has if anything toughened in the last year.

Popper

253. Paper Prepared by the Central Intelligence Agency¹

Washington, undated.

ITEMS WHICH MAY BE DISCUSSED

A. *Deteriorating relations between the U.S. and Chile.* Our firm insistence on the recognition of human rights in Chile has been a continuing thorn in the side of the Chilean government, which regards it as meddling in internal affairs. The Ambassador's 4th of July Reception was shunned by the Chilean government, with Air Force General Leigh the only junta member attending. A recent intelligence report [*less than 1 line not declassified*] indicates that the Chileans plan on assuming a more distant, but still correct, attitude toward the U.S. Embassy in the future. The Chileans also asked to be excluded from this year's foreign aid

¹ Summary: The CIA reviewed items which could come up in a meeting between Popper and Colby, including deteriorating relations with Chile, the human rights situation, and Operation Condor.

Source: Central Intelligence Agency, Office of the Director of Central Intelligence, Job 79M00467A: Subject Files Correspondence, Box 8, Folder 16: B-7.2: Briefings of Ambassadors. Secret. Attached but not published are a covering memorandum [*name not declassified*] to Colby, November 23; a curriculum vitae for Popper; and a Country Profile for Chile. A record of the conversation between Popper and Colby has not been found.

appropriation allegedly because of their unwillingness to be subjected to the political pressures which follow acceptance of such aid.

B. *Release by the Chilean Government of nearly 300 political prisoners.* Press reports highlighted the fact that the GOC announcement followed by only two days a statement by President-elect Carter that U.S. aid in the future would be tied to human rights issues; our clandestine reporting indicates that although this move is indeed an attempt to improve the image of Chile abroad, its planning predated the Carter announcement by several weeks. News of the release of the political prisoners has been received in the U.N. and elsewhere with guarded optimism as a step in the right direction.

C. *[1 paragraph (5½ lines) not declassified]*

D. *Condor* (the Southern Cone intelligence cooperative agreement between Chile, Argentine, Paraguay, Uruguay, Bolivia and Brazil.) In early October, after consulting with Ambassador Popper, *[less than 1 line not declassified]* confronted the Chilean head of DINA, Colonel Manuel Contreras, with U.S. knowledge of Condor's existence. Colonel Contreras denied that our information of Condor was accurate and refused to admit that one of its objectives was to operate against terrorists in Europe. Recent clandestinely acquired information indicates that plans for Condor are continuing.

E. *[1 paragraph (12 lines) not declassified]*

254. Memorandum From the Assistant Secretary of State for Inter-American Affairs (Shlaudeman) to Acting Secretary of State Robinson¹

Washington, November 23, 1976.

Your Meeting with U.S. Ambassador to Chile David H. Popper,
November 24, 1976 at 4:00 pm.

PARTICIPANTS

The Acting Secretary
Ambassador David H. Popper

SETTING

Ambassador Popper is in the Department for consultation after his service on the promotion panels. He will be returning to Chile this week. You may wish to discuss the following:

1. The recent release of political prisoners held without charge under state of siege authority.
2. Resolutions under consideration by the UNGA Third Committee and UNESCO.
3. The request by the GOC not to be included in next year's foreign assistance legislation.
4. The growing arms imbalance between Chile and Peru.

BACKGROUND/ANALYSIS

The GOC announced early this week that it would release unconditionally about 300 political prisoners being held under state of siege provisions. It also announced that it would be willing to release Chilean Communist Party leader Corvalan in exchange for Soviet dissident Alexander Bukovsky and another former Communist in exchange for a Cuban prisoner. We have also been working with the GOC to facilitate the proposed Corvalan-Bukovsky prisoner exchange. Later in the week

¹ Summary: Shlaudeman reviewed topics that Robinson might wish to discuss with Popper, including human rights in Chile, UNGA and UNESCO resolutions, the junta's termination of the U.S. assistance program, and the arms imbalance between Peru and Chile.

Source: National Archives, RG 59, Central Foreign Policy File, P760185–1435. Secret. Drafted by Levine on November 22; cleared by Fimbres, Hewitt, and Luers. Robinson and Popper discussed the Chilean economy and human rights. Popper thought that the human rights situation was improving, and Robinson and Popper thought that the U.S. Government should encourage such progress. (Telegram 289068/Tosec 310069 to Kissinger, November 25; *ibid.*, D760438–0305)

it announced that 198 persons would be released from internal exile (relegation).

The prisoner release appears to have been timed for maximum impact on the Chile debate in the UNGA Third Committee. A resolution pointing towards future economic sanctions stands a good chance to be passed during this session. Now it appears that support for the resolution is weakening in reaction to the prisoner release and the suggested prisoner exchange. In Nairobi, a UNESCO resolution proposed by Cuba and Norway on Chile may be losing some support due to this week's announcements.

Several weeks ago the Chileans asked us, through a Memorandum delivered to me, not to give them any economic assistance next year. Foreign Minister Carvajal had mentioned this idea to the Secretary during the bilateral in New York on October 7. We are now in the process of negotiating a phase-out of the AID program in Santiago.

In New York Foreign Minister Carvajal also discussed with the Secretary his fears of the growing arms imbalance with Peru. The impending sale of Soviet SU-22 fighter bombers to Peru exacerbates this problem and, given the limitations against the purchase of US military equipment, is forcing the Chileans to begin to look elsewhere for military hardware: to Israel and to Brazil most recently. It may also be forcing them to reexamine their human rights policies and may have been another factor influencing last week's prisoner release.

TALKING POINTS

1. *Release of Prisoners*

—Release of those held without charges under state of siege authority and those exiled within Chile are positive steps which we welcome.

—We should provide the Chileans with some positive feedback and encourage them to continue in this direction.

2. *UN Chile Debates*

—The news of the prisoner release may ease some of the pressures to condemn Chile in stronger terms than last year.

—We will not support UNGA or other resolutions opening the door to the application of economic sanctions.

3. *End of Economic Assistance*

—The GOC, sensing that Congressional debate results in greater losses than the meager aid involved, may be lapsing into a "siege mentality" by cutting the aid tie.

—We must be sure to keep some lines of contact open that would permit us to continue humanitarian assistance and provide some avenues of influence.

4. *Chile-Peru Arms Imbalance*

—Peru, with Soviet-made military hardware, has a matériel advantage over Chile.

—The Chileans should be encouraged to discuss the arms problem directly with the Peruvians.

255. Telegram 11822 From the Embassy in Chile to the Department of State¹

Santiago, December 14, 1976, 2022Z.

11822. Subject: Chile: Dialogue on Human Rights Matters. Ref: Santiago A–156, October 26, 1976.

1. Summary: In second private meeting with two influential Chilean Army Generals, Ambassador pursued question they had raised as to what GOC might do to improve its position on human rights in the U.S. Noting favorable reaction evoked by mass release of Chilean political prisoners, Ambassador conveyed his belief that human rights questions would be at least as important to the Carter administration as to this one; expressed confidence that steps Chileans might take to improve their situation would be fairly considered in the ongoing USG evaluation of Chile; warned that backsliding from progress already made would be unfortunate and large-scale disappearances or new reports of torture particularly harmful; and suggested that now was the time for further movement toward normalization. Ambassador also suggested restrictions on DINA. Generals made no commitments, but we have impression our thoughts will be carefully considered at top GOC level. End summary.

2. Department will recall that in late October Ambassador and Army Attaché Colonel Cummings met with Interior Minister General

¹ Summary: Popper discussed with two influential Chilean army generals what the junta might do in the field of human rights to improve its image in the United States.

Source: National Archives, RG 59, Central Foreign Policy File, D760460–0729. Secret. Airgram A–156 from Santiago was not found. On November 4, the ICRC representative in Santiago informed the Embassy that although serious human rights problems remained, human rights practices in Chile had improved since August. (Telegram 10862 from Santiago, November 11; *ibid.*, D760421–0674) A December 6 CIA report noted that because there had been a “sharp decline in the number of prisoners held by the government,” the human rights situation was substantially improving. (Department of State, Electronic Reading Room, Chile Collections)

Cesar Benavides Escobar and Secretary-General of Government Brig. General Hernan Bejares Gonzalez to exchange impressions, privately and informally, regarding what might be done by GOC to moderate international criticism of Chile on human rights grounds (Ref Santiago A-156). On that occasion Ambassador cited the Secretary's suggestions at the OAS General Assembly meeting in Santiago as an appropriate guideline. Although the generals made no commitments, they listened carefully to our elaboration of these suggestions.

3. About three weeks later GOC announced release of over 300 political prisoners being held without trial, thus virtually clearing its detention centers of prisoners in this category. While we have no basis for connecting the release with the dinner conversation, it was clearly a step designed in large part to assuage foreign opinion. Subsequently, top GOC military have continued to express interest in what they might do to improve Chile's position overseas, particularly in the United States. They have been especially concerned over what policy line the new administration might adopt. Accordingly, they welcomed a suggestion to meet with us again, after the Ambassador's return from Washington. We lunched on December 13.

4. Ambassador made several points to start the discussion. First, he said that prisoner release had evoked a favorable response in U.S., both officially and among the public. U.S. Government spokesmen in UNGA and other international organizations had made favorable references to it. Press had given it very good play. Subsequent release of prisoners by Indonesia and Iran might not have been entirely unconnected with the Chilean action.

5. Second, Ambassador noted that human rights considerations were obviously going to be as important for new administration as they had been for the present one. He recalled statements by Secretary-Designate Vance at recent press conference, and Vance *Newsweek* interview, to indicate that this would remain a matter of concern but pointed out that the pragmatic and even-handed approach Secretary-designate had advocated would give Chileans a fair opportunity to present their case in an effective way. Much would depend on the current evolution of GOC Internal Security policy.

6. Third, Ambassador suggested that accordingly, Chileans might wish to consider desirability of launching new human rights improvements in the next few weeks, so that the intent and direction of the GOC course of action would be plain by the time the new administration and the Congress began to review major human rights problems.

7. Finally, Ambassador pointed out that it was most important that gains already attained through prisoner release should be maintained. If there were credible reports that screws had again been tightened and that GOC was moving back into period of extreme repression, all

the good effects of recent developments would be reversed and opposition to present regime further solidified.

8. Benavides and Bejares indicated that they understood situation in general terms laid out by Ambassador. They evinced confidence that current relaxation could continue. As at our previous meeting, they did not particularize, but they talked in terms of continuing evolution and further steps.

9. We spent some time discussing the question of the mysterious disappearances of persons who might have been picked up by government agents for alleged opposition activities. As usual, the generals deprecated this possibility, noting that in a country like Chile a certain number of people would vanish each year in any case; that it was a favorite tactic of leftists to drop out of sight and obviously in their interest to have their relatives charge that the government had arrested them; and, by way of illustration, made the claim that 150 Chileans had been found to be fighting in Angola, with 15 Chilean dead. The generals responded to the Ambassador's question as to the source of this information, by saying they would try to get it. (Comment: We would be interested to know if there is confirmation from any other source.) In any case, General Benavides put the number of disappearances since September 1973 at about 400, a figure more than 50 PC lower than estimates of the ICRC and others interested in political dissidents.

10. Conversation then turned to other measures GOC might possibly take. We suggested that any meaningful relaxation of the state of siege would be helpful, and that if a new internal security code were promulgated by GOC it might make this possible. It would be important, however, that the code not contain within it Draconian sanctions such as summary expulsions from the country, which although not unusual in Chilean history, were widely repugnant elsewhere. Suggestion was also made that GOC might wish to consult some private outside authority on content of such a code, to ensure that it would be in line with current legal thinking in democratic societies.

11. Ambassador raised a further point in this connection. He noted that the Directorate of National Intelligence (DINA) had attained an unenviable notoriety in the outside world; it was being cited in tandem with SAVAK and the Korean CIA as a modern variety of gestapo. Anything that could be done to limit its functions strictly to intelligence, within the country, would be helpful. Perhaps its personnel should be changed. Bejares commented that indeed DINA should be an intelligence rather than a police organization.

12. Ambassador continued that with a less restrictive security policy it might be possible for the government to build upon the credit already gained by its release of prisoners, encouraging reconciliation with moderate, non-violent opposition elements and incorporating the

energies of these people in the effort to rebuild Chile. The Generals agreed in principle. They said that many of those released had been restored to their old jobs. Rather interestingly, they expressed the view that many Marxists who had jobs in the bureaucracy had been able to resist all coercive measures because of civil service job protection provisions. They did not believe job discrimination on account of political belief was a major factor in Chile. (Comment: We disagree.)

13. Both Benavides and Bejares expressed appreciation for the frank exchange of views and suggested the discussions be resumed at an opportune time.

14. Comment: We cite the points made by Benavides and Bejares not as necessarily indicative of the objective situation in Chile, but rather of their state of mind and approach. We believe we made some impression on them in indicating that the steps they might take to clean up the Chilean situation would be fairly considered in the ongoing U.S. evaluation of Chile, and with our specifics as to the sort of thing the GOC might do. As in the case of our previous meeting, we have the feeling that our views will be communicated to Pinochet; the two generals are in his closest entourage. We would not be surprised if the GOC announced some significant further steps of relaxation before January 20.

Popper

256. Action Memorandum From the Assistant Secretary of State for Inter-American Affairs (Shlaudeman) to the Under Secretary of State for Political Affairs (Habib)¹

Washington, December 29, 1976.

Investigating the Horman Case

As you may recall, two American citizens, Charles Horman and Frank Teruggi, were killed in the aftermath of the Chilean Coup. We

¹ Summary: Shlaudeman reviewed the investigation into the disappearance and death of Charles Horman and recommended sending a telegram instructing the Embassy to re-interview Rafael Gonzalez.

Source: Department of State, Virtual Reading Room, Chile Declassification Project. Secret; Nodis. Drafted by Shlaudeman on January 15, 1977; cleared by McAfee and Aldrich. Tabs 1 and 2 were not attached.

have not been able to establish responsibility in either case, although the reasonable assumption is that both were murdered by Chilean security forces or irregulars connected in some way to those forces.

The death of Charles Horman in particular has been the subject of extensive congressional and press attention. Senator Javits has continued over these past three years to demand a better accounting than the Department is so far able to give him. In my confirmation hearings last June I promised him that we would do everything possible to clear up the case.

Behind much of the agitation over this affair is the allegation that Horman was fingered by the CIA. We have no evidence in support of that contention, but a Chilean—one Rafael Gonzalez Verdugo—has made statements to the press and to a consular officer directed at implicating the Agency. Gonzalez, a permanent resident alien of the United States with an American citizen wife, is currently in asylum in the Italian Embassy in Santiago.

Some time ago I asked Fred Smith, recently our Consul General in Mexico City, to examine the record of the Horman case and give me recommendations on what further action we might take. He has produced a comprehensive report (Tab 2). Smith has recommended that Gonzalez be reinterviewed and has drafted a set of very precise questions for the purpose (draft telegram at Tab 1).

The Italians have been trying once again to persuade the Chilean Government to let Gonzalez leave the country. I have been holding off pending the results. It now appears that the Chileans are not about to relent.

I believe we must now pursue the matter, although it is my own view that the CIA was not involved in the Horman tragedy. I have cleared the attached cable with the CIA and have made a few minor changes in the questions it contains at that Agency's suggestion.

Recommendation:

That you approve the telegram at Tab 1.

Colombia

257. Ambassador's Overview, Country Analysis and Strategy Paper¹

Bogotá, undated.

AMBASSADOR'S OVERVIEW

Colombia is one of the very few less developed countries that has achieved considerable progress in finding solutions for basic economic and social problems in a free and democratic context. While we do not expect any significant change from this performance within the CASP timeframe, we do foresee within the middle future—the next decade—the probability of political instability and deterioration of the present social system. Some of the principal factors which will contribute to these developments include: a) high population growth, b) rapid urban growth, c) insufficient savings and capital investment, d) depletion of natural resources, e) an increase in misguided nationalism and f) an incapacity to develop rapidly enough to meet the challenge posed by the more severe problems the future will bring. Progress will continue to be made, but with cities growing at six and seven per cent each year (doubling in size in less than twelve years) there will be serious problems involved in attempting to increase employment and redistribute income.

During the CASP timeframe we expect no startling political changes and no major social or economic upheavals. The threat of an unguided populist “revolution” has considerably diminished as a result of the severe loss suffered by General Rojas Pinilla’s ANAPO in last year’s election and the present disorganized leadership of that party. The established parties are again dominant, and the partial dismantling of the National Front agreement that will permit the participation of all political parties in the 1974 presidential election comes at a most propitious time for the change-over.

¹ Summary: Ambassador Saccio informed the Department that economic and military assistance, trade, and high-level visits were the means by which the U.S. Government could maintain pro-U.S. stability in Colombia.

Source: National Archives, RG 59, Central Files, 1970–1973, POL 1 COL–US. Secret. Sent as an enclosure to airgram A–52 from Bogotá, March 13, 1973. On February 5, the Ambassador informed the Department he thought coffee, the Darien Gap, and narcotics would be the key issues in U.S.-Colombian relations in the short- and medium-run. (Telegram 958 from Bogotá, February 5; *ibid.*, POL COL–US)

The situation will in fact be measurably better if the Liberals take to heart the bitter political lessons of the past and decide to present only one candidate. In the best of possible situations this would mean, we believe, a victory by a comfortable if not overwhelming majority for the Liberal candidate and a Liberal majority in the Congress. The alternative is a divided government: a plurality president, Liberal or Conservative, and a split Congress. This would not be a catastrophe, however. The Colombian political system is sufficiently flexible and stable, as the National Front experiment itself has proven, to permit the normal functioning of the government under trying conditions.

The ideological differences between the two most probable candidates of the traditional parties are not so great as to threaten the workings of the present system. The probable Liberal candidate is slightly left of center, and the probable conservative candidate is, in our terms, a moderate conservative, who is already aware that a *laissez-faire* response to Colombia's problems is not possible. We do not expect, in any event, that either a Liberal or Conservative government will be successful in finding solutions to Colombia's long term basic problems, which are bound to become more acute as the decade advances.

How are U.S. interests involved? Though the next two years require no drastic change in our approach or effort aside from a little more attention to specific areas such as economic assistance, trade, military assistance and high level exchanges of visits, now might very well be the time, in view of our fears as to what the middle future otherwise holds for us, to give thought to what changes should be made in our longer term programs. In fact, in the event of any widespread agricultural disaster, such as frustration of India's hopes for the forthcoming monsoon or another hard year for Soviet agriculture, we shall be in the middle future sooner than we plan. Population will "catch up" and surpass the food supply sooner than the green revolution had given us hope to expect. The repercussions in Latin America can easily be predicted.

Barring this or a similar catastrophe in the next two years in the resource or world trade field, we will have no basic problems in our relations with Colombia. Our bilateral assistance program, even if we begin its gradual reduction during the CASP timeframe, will continue to be a political asset. It would also be helpful to recognize more fully Colombia's importance to us by an interchange of high-level visits, i.e. a State visit by President Pastrana and, in due time, his successor, with a return visit by President Nixon, if he should visit Latin America or a visit by the Secretary or Under Secretary of State.

Colombia is primarily concerned, at least on the political surface of the Inter-American system, with trade preferences in the world markets and commodity agreements, specifically coffee, and with

bridging the widening gap between rich and poor nations. Colombia desires a more substantial transfer of the resources and technology necessary for development—but free of burdens which could become onerous even for Colombia.

Because of the multilateral nature of the problem, we have not included coffee as one of the major issues in the CASP. Nevertheless, I want to emphasize that Colombia's concern over the coffee issue is one of the primary irritants in our bilateral relations. The President and Foreign Minister have repeatedly emphasized that our bilateral assistance in no way makes up for the losses in the purchasing power of its coffee income which Colombia has sustained as the result of dollar devaluations and their effect on Colombia's terms of trade outside the dollar area.

Another major concern of the Colombian government is its position vis-à-vis the developed nations, especially the United States, in the world trade arena. Any steps which the United States could take to open up greater opportunities for Colombian exports would have a significant and beneficial impact on our relations, as well as on the economy of Colombia.

Concerning the Law of the Sea, the GOC still feels that consultations over a matter of such great mutual concern should be much closer than they have been in the past. Visits to Colombia by high level U.S. officials, suggested in the body of the CASP, could help assure that Colombia maintains its present LOS position and continue to serve as a bridge between the 200 mile states and the more restrictive position of the United States.

We obviously are seriously limited in responding effectively to these concerns, just as Colombia and Latin America are limited in making the corresponding bootstrap effort, but undoubtedly we must attempt to respond if we consider the Inter-American system important to our well-being and security. Current proposals for U.S. withdrawal from the Inter-American system are not mere intellectual exercises, but reflect a growing disillusionment with what many Latin Americans consider a half-hearted U.S. commitment to the system.

[Omitted here are the FY 74 Policy and Resource Planning Table; Section II, Analysis of Major Issues; Section III, Interest, Policy and Resource Analysis; and Annex A, Summary of Resources.]

258. Telegram 1735/Secto 188 From the Embassy in Jamaica to the Department of State¹

Kingston, May 28, 1973, 0230Z.

1735. Secto 188. Subj: SecVisit LA: Secretary Rogers—Conversation with Colombia President Pastrana, May 18, 1973.

1. Secretary of State William P. Rogers met with President of the Republic of Colombia Misael Pastrana Borrero at Casa Bolivar, Bogota, Colombia, May 18, 1973, at 11 am. Participants were: Colombian side—President Pastrana, FonMin Alfredo Vazquez Carrizosa; US side—Secretary Rogers, Assistant Secretary of State for Inter-American Affairs Jack Kubish, US Ambassador to Colombia Leonard J. Saccio.

2. The President noted first the importance of reviving the Inter-American System—that it should perform much more effectively in the economic field. The Secretary indicated and the Foreign Minister agreed that the two had had a very constructive talk the day before on the subject.

3. On the Law of the Sea the President referred to the conclusions of the Santo Domingo conference last year; that the Latin American countries had almost all agreed to the basic Colombian proposal of the patrimonial sea. There remains Brazil which once it decides to accept the Colombian proposal will carry the two remaining countries, Peru and Ecuador. The President believes Brazil can be persuaded. Colombia is in a special position having coastlines both in the Pacific and the Atlantic (Caribbean). The Caribbean requires a special regimen being a mare nostrum. The Secretary suggested that Colombia was in a better position to urge agreement among the Hemisphere nations and that he would appreciate such an effort. The US would be suspected of trying to dominate these countries if it tried to get such agreement.

4. The President noted that the relations between our two countries are very satisfactory and expressed his gratitude for our assistance in his program of economic development and social progress. He empha-

¹ Summary: Pastrana and Rogers discussed the inter-American system, law of the sea, military and economic assistance, coffee policy, and narcotics.

Source: National Archives, RG 59, Central Files, 1970–1973, POL COL–US. Confidential; Immediate. Repeated to Bogotá. Rogers was in Jamaica as part of a May 12–28 trip to Latin America. The Department prepared a background paper on Colombian coffee for the Secretary. (Ibid.) On May 11, Nixon wrote to Pastrana that the Colombians should feel free to raise any matters with Rogers. (Ibid., Nixon Presidential Materials, NSC Files, Box 751, Presidential Correspondence, Republic of Colombia, Bogotá, Dr. Misael Pastrana Borrero) In telegram 4363 from Bogotá, May 26, the Ambassador transmitted a summary of Rogers's May 17 meeting with Vázquez, in which they discussed the law of the sea, the Quita Sueño issue, the OAS structure, and the transfer of U.S. technology to the Soviets. (Ibid., RG 59, Central Files, 1970–1973, ORG 7 S)

sized the importance of the social factor and mentioned specifically the education program in which there has been added some one million places at the elementary level; the health loan—the first of its kind in the world; the recently signed low-cost housing loan and the Urban Regional Sector Loan in the development of 42 cities (population 30,000 to 100,000) to stem the flow of migration to the four big cities.

5. As to the terms and conditions of loan assistance he repeated what he had told the Ambassador and Mr. Weissman earlier in the week as to the nature of his problem, namely the lack of flexibility in solving budgetary problems to meet changing conditions once sectoral loans are signed. This was not to say he disagrees with the conditions of the loans. He is a firm believer in self-help and the need for a national effort. The proof is in how Colombia has performed in this regard. The Secretary said this matter would be reviewed on his return to Washington.

6. The President then turned to coffee and made an impassioned plea that the US adopt a positive long-term policy both from the point of view of the benefit to the US in being responsive to the most important problem of substantial number of Hemisphere countries and from that of the importance economically and socially to these countries. He emphasized the importance of a positive view by the United States even if quote we don't come to an agreement unquote.

7. In his presentation he made the following points:

(A) that Colombia very much wants continuation of an effective international agreement.

(B) That President Nixon's report to the US Congress on coffee pointed up that the price of coffee had risen a moderate percentage compared to the very substantial percentage increase in the other food products over a period of years.

(C) That coffee was a small farmer's business in Colombia, some two million out of a population of twenty-two million depending on it for their livelihood.

(D) That distribution of the proceeds of coffee production represents one of the best methods of the equitable distribution of wealth in the country.

(E) That the current price of coffee is at the same level it was thirty years ago.

(F) That US policy on coffee is of extreme importance since coffee is a major factor in the economy of fourteen countries;

(G) In explaining the importance of the factor of equitable distribution of wealth, the President stated that 38 cents of each coffee dollar went to the producer, the rest is used in the economic and social development of the coffee area (including health, school and family services).

8. The Secretary asked what was the reason for the creation of the Producer's Corporation (intended to manage the market) if Colombia is so concerned that the international pact be continued. The President explained that the present high price of coffee is due to special circumstances and is unlikely to be maintained indefinitely. The coffee cycle is usually three years which means that they would be faced again with the problem of low prices in the near future. He said that Colombia is very much concerned that there be stability of economic policy. He implied that the corporation was of a temporary nature by saying that it was exploratory and an experiment and at the present time the best and easiest device that could be adopted to manage the market. The Secretary noted the existence of such a corporation would be considered a Cartel operation by our Congress. The President acknowledged this difficulty but said it was important that the Executive Branch (of the US) should be on their side. He emphasized again that Colombia was interested in stability rather than speculation; that in this respect the pact had been a good experience and they wanted very much that it be continued.

9. President Pastrana addressed himself to the military assistance program and emphasized the need for adequate equipment to fight guerrillas and possibly clear them out from the remote inaccessible areas of the country. He realized that some of our difficulties are due to the fact that our two countries have different budget years, and hoped that problems of this sort would be solved since it was far better for Colombia to buy armaments from the US than from other countries. He mentioned the requirements for helicopters but did not go into detail. The Ambassador noted that he was ready to discuss a five-year plan with the President on the entire military assistance program, that time had not permitted him to do so before the arrival of the Secretary.

10. On the subject of drug abuse, the President noted that he had appointed a new Minister of Justice, a young man with drive who is determined to resolve the problems of organization and coordination, he mentioned the proposed law that had been approved by the Senate and would surely be approved by the House of Representatives when Congress met in regular session in July; also the recent decree providing for the destruction of confiscated drugs. He assured the Secretary that his government was determined to tackle the problem with all its resources and he welcomed our cooperation. He mentioned the need for equipment, at which point the Ambassador informed him that we had been authorized to make available equipment in connection with the organization of the program of the new Minister, a sum of over \$400,000.

Rogers

259. Memorandum From William J. Jorden of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, August 10, 1973.

SUBJECT

Possible Expropriation of US Mining Company in Colombia

You asked for a report on this matter.

The Problem

Ten days ago, the Colombian Minister of Mines (strongly anti-American) sent to the Senate a bill that would permit expropriation of the US-owned International Mining Company without cash compensation. If passed and put into effect, the action would trigger US sanctions. Under the Hickenlooper amendment, we would have to cut off aid to Colombia (approximately \$85 million in FY 1973). The Gonzalez amendment would require us to vote against loans for Colombia in multilateral institutions.

Background

IMC has been operating gold mines in Colombia for 50 years. It owns the mines and there is no contractual agreement. In recent years, the company had been losing money and was actively seeking Colombian participation, private or public. Now, with world gold prices at record highs, the company is showing a profit. I gather the company is unpopular in the region where it operates. This may be because of company actions or merely because it is foreign-owned, extractive and paternalistic. In any event, the ill feeling against the company makes expropriation attractive politically.

In March, the Colombian Government made an offer for 51% interest in the company. It would have made no cash payment but would have given the company other advantages—new concessions, a higher

¹ Summary: Jorden informed Kissinger that the Embassy had told members of the Colombian Government that the expropriation of the International Mining Company would damage bilateral relations.

Source: National Archives, Nixon Presidential Materials, NSC Files, Country Files, Box 779, Latin America, Colombia, Vol. 1, 1969–1970. Confidential. Sent for information. In an undated memorandum, Scowcroft informed Jorden that Kissinger wanted him to write a shorter memorandum for the President on IMC, which “emphasize[d] actions the U.S. Government is taking.” (Ibid.) On September 10, Jorden drafted the memorandum for Kissinger, which informed the President that Embassy officials had spoken to the Ministers of Finance, Mines, and President of the Central Bank. Scowcroft wrote on the covering memorandum, “HAK does not wish to forward [to the President]. BS.” (Ibid.)

level of profit remittances, assumption of debts, etc. The company said “no.” For its part, IMC wants payment not only for assets (some \$2–4 million) but for gold still in the ground (estimated at \$20 million).

Current State of Play

IMC-Colombian negotiations are continuing. There is some brinkmanship on both sides. The company knows that the Colombians will not want to risk the US sanctions that would probably follow expropriation. But the Government has a politically popular issue and it knows the company will not want to lose everything. Both company and Colombian officials seem privately confident that an acceptable agreement can be worked out. The proposed legislation is read by the company and by our Embassy as more of a “club” in the negotiating process than a precursor of likely action. What Colombia wants seems to be a joint venture with continued IMC management. The sticking point—for both parties—will be the price.

US Actions

We have been doing some quiet missionary work with other members of the Colombian Government, underlining the unfortunate effects on Colombia of precipitate action. The Finance Minister, President of the Central Bank, and others reportedly are deeply concerned (once they realized what was happening) and opposed to expropriation without some agreement acceptable to IMC. We have also called in the Ambassador here and conveyed our concern. He is close to President Pastrana and has undoubtedly passed the word along.

It now appears that cooler heads will prevail on this matter, but we must keep after it. Meantime, the company appears satisfied with the prospects and has asked for no US governmental intervention—though they are pleased with what we have done so far. Incidentally, the Colombian Government is proud of its past good record on investment disputes. The Colombians bargain hard—as they did on the recent Texaco and Mobil Oil cases—but have reached agreements in the past with the companies concerned.

Conclusion

This now seems to be moving in the right direction toward an eventual settlement. But the capacity of Latin Americans to cut off their noses to spite their faces is unbounded.

260. Telegram 8786 From the Embassy in Colombia to the Department of State¹

Bogota, October 26, 1973, 1715Z.

8786. Subj: Policy Problems for Colombia and the US in an Election Year.

Summary: The Pastrana Administration has provided solid, sensible government for four and one half years but has never distinguished itself by its dynamism. Now, with elections six months off, and deprived of a number of experienced officials who have left their posts to run for office, the administration finds itself less efficient at the same time that economic problems increase in severity: Inflation is up sharply, there is a serious budget deficit and tax revenues are not keeping pace with the need. Electoral considerations and a weakened administration mean that the govt probably will not correct the fiscal situation. Therefore the mission has postponed the signing of two new sector loans in education and agriculture. We believe the situation to be short-term and that once the elections are over administration will become more forceful. Unless the political situation changes dramatically in the next few months, either Alfonso Lopez, the Liberal candidate, or Alvaro Gomez, the Conservative, will win the presidency. Either man can be expected to pursue domestic and foreign policies that in the main mesh with US interests. End summary.

1. Inflation, budgetary deficits and insufficient tax revenues are three of the most serious economic problems currently facing the Govt of Colombia. The process of treating these problems in a balanced manner is complicated by a decline in the capacity of the administration and by the April 1974 Presidential and Congressional elections, the first since the establishment of the national front in 1958 in which the Presidency is wide open and parity between the two traditional parties is not required in Congress. The purpose of this message is to discuss these developments more fully and analyze their consequences for US policy.

2. Turning first to economic questions, inflation in Colombia is running at about 25 percent; the figure is somewhat higher among the poor, who spend most of their earnings on food. This would not be an alarming figure in many countries, but it is in Colombia, a nation that has followed a developmental pattern based on a policy of cheap

¹ Summary: The Embassy assessed the Pastrana government's prospects and Colombia's problems in light of the upcoming presidential elections.

Source: National Archives, RG 59, Central Foreign Policy File, [no film number]. Confidential. Repeated to Cali, Medellin, and USCINCSO.

labor and low prices. Not only are prices high, but many basic commodities such as wheat, milk and cooking oil are in short supply. These increases and shortages are serious and in an effort to help out I have strongly urged that we respond positively to Colombia's request for PL-480 commodities.

3. Unless the situation I have described eases we can expect strikes and demonstrations and extremist elements may well be able to turn protests to their advantage. In the eyes of many Colombians, protests will be justified; profits are up, coffee prices are high, exports and construction are booming, and business and industry are generally in good shape.

4. We might expect that in a prosperous economy afflicted by inflation and shortage the government would improve its tax collections and impose new sources of revenue. It is an unfortunate fact that tax collections have not kept pace with inflation and evasion is widespread. Nor has the government been able to get new tax measures through the Congress. There is almost no chance that the current session of Congress which ends on December 15 will enact any fiscal legislation.

5. As a result of the government's poor fiscal performance budget deficits have increased and current deficits will go higher as the administration subsidizes wheat and other primary food products to hold down food prices between now and the election. The government recently announced a ten percent reduction in public spending in an attempt to keep the deficits to a more manageable level. It remains to be seen how successful this effort will be; in many cases it may mean nothing more than the postponement by a few months of necessary expenditures. Even if the government were to reduce costs by the full ten percent, which we doubt it can do, the year's deficit would still be about the same as last year in real terms which represented a sizeable increase over 1971.

6. Another facet of the over-all problem is the style of the Pastrana government and the fact that some key officials have resigned in order to be eligible for elective office. Pastrana did not in the past exercise imaginative leadership, but attempted to govern on the basis of consensus. He is as decisive now as at any time in the past, but the economic problems that beset the nation and the prospect of the elections make it difficult for him to control his bureaucracy and to make it function in a coherent manner.

7. One factor that must be considered when we discuss GOC performance is the possibility that Liberals and Conservatives will act partially on behalf of their parties. Non-civil service government jobs are divided fifty-fifty between Liberals and Conservatives and many officials are in a position to influence the elections. Liberal leaders are satisfied that Pastrana, a Conservative, is and will remain impartial, but they are less confident about other Conservatives in the administration.

8. Election campaign To the foregoing we must add the stresses and strains of an election year. In order to reduce civil strife and political hubris the leaders of the Liberal and Conservative parties agreed in the late 1950's to share power for 12 years, later extended to 16 years. This year that part of the pact affecting the Presidency and the Congress comes to an end and the Liberal and Conservative parties each have Presidential candidates.

9. The front runner at the moment is the Liberal, Alfonso Lopez Michelsen, who in his own self interest will attempt to avoid demagoguery and project an image of statesmanship and moderation. Whether Lopez succeeds depends not so much on his own inclinations but on his opponents, the conservative, Alvaro Gomez Hurtado, and the third party Anapo candidate, Maria Eugena Rojas de Moreno, the daughter of the old dictator.

10. For all his high intelligence and breeding, Gomez has a reputation for using tough tactics when indicated. He has already told us that he could not exclude the possibility that his followers would take the gloves off as the campaign develops. Moreover it would be unreasonable to expect that the populist, xenophobic Anapo would hesitate to go to extremes if it could thereby improve its chances in the Presidential race. The Anapo candidate, Mrs. Moreno, has no chance of winning but hopes for a sizeable Congressional delegation.

11. The most likely winner is Lopez, who is a moderate despite conservative rhetoric to the contrary. Some of Lopez' advisors are disappointed thus far in his vague campaign statements and lack of toughness with Gomez; if they have their way we can expect Lopez to sharpen his campaign after the first of the year. Gomez would respond in kind and the US would inevitably become the butt of campaign rhetoric. Lopez can be counted upon to cooperate with the US in most areas of domestic and foreign policy although we believe he will move fairly quickly to establish relations with Cuba and the People's Republic of China, as well as to identify more closely with third world aspirations. A Gomez victory would mean a continuation of current GOC policies with perhaps a slight turn to the right on foreign affairs. In any event, the US will have little trouble accomodating to either Lopez or Gomez, or they to us.

12. Implications for US policy. The obvious conclusion I believe is that we must exercise special prudence and care over the next several months to avoid being drawn into the developing political maelstrom.

13. On the diplomatic side these changes are necessarily more of style and nuance than substance. We will need to be more careful in documenting our responses to any changes in our policy which could affect the GOC's capacity to plan and execute programs. Our inability, thus far, to respond to their PL-480 wheat needs is a good if unfortunate

example and we have left the GOC under no illusions regarding its prospects. It will also mean holding the number of high level visits to a minimum.

14. Inevitably, however, the most important change involves the aid program, the largest in Latin America, which until this year has averaged over \$80 million per annum.

15. Primarily as a result of the budget squeeze the GOC has been unable to meet its local currency contribution to the aid supported sectors. Even before the announced ten percent expenditure reductions the GOC and the mission had agreed to between a 15 to 20 percent mutual reduction in sector disbursements this year. This followed high level GOC public pronouncements that our assistance was inflationary and that more flexibility was required to ease the situation. As a result of the new 10 percent budget cut we are expecting another reduction in aid targets.

16. After frank and harmonious discussions, the aid director and I have decided to postpone the signing of two new sector loans in education and agriculture. In addition we are insisting the aid disbursements on sector loans not get too far ahead of GOC contributions. We are also watching very closely the GOC treasury float which in effect allows aid funds to be temporarily used to pay non-development type expenditures.

17. Last Feb, President Pastrana criticized the International Lending Agencies requirement of local cost expenditure obligations and specifically pointed out that sector loans (read aid) demand matching resource allocations by the debtor country. This reaction by the President stemmed from our practice of disbursing most of our loans and then applying pressure in the last months of the year for the GOC to come up with the necessary counterpart as a condition precedent to obtaining new loans. Given the lackluster performance of the government and the dim short term prospects for increased efficiency, I believe it is only prudent to not repeat this exercise.

18. I have not intended to paint a pessimistic picture regarding the future of Colombia but rather to describe a difficult but temporary problem situation which calls for, I believe, a shift from an exposed, aggressive policy of all out cooperation with the developmental agencies of the government to a more subdued, less vulnerable position. I wish to emphasize the transitional nature of this situation and express my conviction that within a very short time after the new government takes office we can expect a return to a competent, purposeful government committed to economic and social development in a democratic framework and able and willing to utilize our bilateral assistance to that end.

White

261. Telegram 1 From the Embassy in Colombia to the Department of State¹

Bogota, January 2, 1974, 1443Z.

1. Subj: Presidential Campaign: Yearend Roundup.

Begin summary. Presidential elections will be held on Apr 21, 74. The Liberal candidate, Alfonso Lopez Michelsen, is acknowledged to be the front runner; Alvaro Gomez, the Conservative, is waging a well financed, intelligent campaign, but it is doubtful he can overcome the Liberal majority. The Anapo candidate, Maria Eugenia Rojas de Moreno is campaigning vigorously, but the strategy she is using seems to be losing her votes to Gomez on the right without any appreciable gains on the left. The campaign has been marked by restraint and there is little likelihood of serious outbreaks of violence. Pres. Pastrana, a Conservative, is completely impartial, as is the military establishment. Up to now the US and its policies have not been an issue in the campaign. End summary.

1. By the end of 73 the Pres. campaign had been in full swing for over three months, with almost four months to go before elections on Apr 21, 74. The Anapo candidate, Maria Eugenia Rojas de Moreno, kept on working thru the holidays and the Conservative, Alvaro Gomez, made a last-minute decision to do the same. Alfonso Lopez, the Liberal, went to the US for several days rest.

2. Lopez is the acknowledged front runner in the campaign despite his lack of charisma, contradictory statements, vague programs and inability to communicate effectively with masses of people. Many reports are circulating about his poor health and heavy drinking, but those who know him best tell us he is in better shape now than at any time in the last eight or ten years. He does not enjoy really good health, but he seems to be holding up well enough under the strains of the campaign. Mrs. Moreno and Gomez are working the hardest, with Lopez moving along at a measured pace to protect his health. Both Gomez and Moreno are in excellent physical condition. Mrs. Moreno plans to visit two-thirds of Colombia's 922 municipios before election day and to hold 300 rallies in Bogota, where she has her own following and is counting on a large vote from the lower classes.

¹ Summary: Predicting victory by the liberal candidate, Alfonso López Michelsen, the Embassy discussed the electoral campaign and mentioned that U.S. policy had not been an issue in the campaign.

Source: National Archives, RG 59, Central Foreign Policy File, [no film number]. Confidential. Repeated to San José, Cali, Medellín, and USCINCSO.

3. Some of the more important issues the candidates have discussed to date have been the cost of living, education and other govt services, corruption in govt, agrarian reform and agric production and personal security. The real issue, however, which encompasses all of these, is stability and consolidation vs. continued attempts at social change with the resultant shocks to society. Gomez believes that many people are tired of new laws, reforms and social programs. He cannot openly say so, but he is getting the message across that if you want a breather after so many years of change, or talk of change, vote for Alvaro. The heart of his message is let's settle down, stimulate production and exports and by this means develop a truly strong and healthy society. Lopez talks about the need for continued social progress, redistribution of income, the great Liberal traditions, but his heart seems not to be in what he is saying. Still, he represents the forces of moderate change and the issue is clearly drawn, if unspoken. Mrs. Moreno espouses a mixture of populism and socialism. The Anapo campaign theme is "Socialismo a La Colombiana", defined as positive nationalism, Colombia for the Colombians, opposition to imperialism from all quarters, access by the little man to education, credit, housing and jobs and participation of all classes in govt. To date none of the candidates has dragged the US into the campaign, nor would be proposed policies of either Gomez or Lopez be detrimental to US interests. Mrs. Moreno has no chance of winning and the Anapo rhetoric, in any event, is just that.

4. If Alvaro Gomez is to have any chance of winning, he needs to rally as many Conservative Anapistas to his banner as he can. His strategy has been to brand Anapo as Marxist and Communist, thus scaring many Conservative Anapistas in rural Colombia back into their party of origin. Mrs. Moreno is furious at the tactic, which appears to be working well, and she lashes out at Gomez at every opportunity. Unfortunately for Moreno, she has played into Gomez' hands. The backbone of Anapo has always been Conservative votes, even though many Liberals went over to the third party after Alfonso Lopez entered govt in 67. Now, most Liberal Anapistas are back with Lopez, but Moreno and her advisors, rather than attempt to build on the Conservative base, have alienated this sector by taking on leftist advisors and spouting leftist jargon. The candidate's husband, Senator Samuel Moreno, has convinced her that she must seek the votes of the urban poor and the resentful—those who have a grudge against the present system. The strategy probably is not picking up left of center votes, but it certainly seems to be helping Alvaro Gomez on the right. As for the far left, this element has always been a minor factor in Colombian political life; of the few votes that are out there, most are already committed to the leftist coalition candidate of UNO (Union of National

Opposition). The only element in the Anapo strategy that makes sense has to do with the probability that General Rojas will die before the next scheduled Pres. elections in 78. Once he goes there is little chance his daughter can keep the allegiance of his followers. In the circumstances, her advisors believe they must seek now to establish a new-political base on which to build. Although Moreno talks about winning, what she and the top leadership want is to keep the Party alive and return as large a delegation as possible to the Congress.

5. By far the most money has been spent by Alvaro Gomez; his campaign is well-financed and his first name covers the country (an attempt to disassociate him from the name of Gomez, which is anathema to hundreds of thousands of Liberals because of their belief that Alvaro's father initiated and fanned the violence of the forties and early fifties). The Liberals tell us they have enough money to do all the advertising needed and that they will begin to spend heavily for propaganda in January. Anapo is hard up for money, but there are enough aspirants for Congressional seats to finance Mrs. Moreno's rallies. A Conservative close to Gomez has told us that there is now 46,000,000 pesos in the Conservative Pres campaign chest (one peso equals four US cents) and that at least that much more will be collected and spent before the elections. The Liberals have much less cash in hand than the Conservatives and calculate that the Lopez campaign will cost a total of 66,000,000 pesos. The campaigns of Congressional candidates and those for local offices are not included in these figures.

6. One of the great unknowns for the Liberals is the attitude former Pres Carlos Lleras Restrepo will finally adopt. When 73 began Lleras was the supreme leader of the Liberal party, busily engaged in reorganizing party structures and coyly preparing the way for his own candidacy. As the year closed he had no official status in the party, refused to speak out on political matters, and had made no endorsement of Lopez. After Lopez beat him in June for the Liberal party nomination Lleras sulked for months. Lleristas are concerned that unless their leader jumps into the campaign they will be left unprotected in the jockeying for position on the electoral lists and will have no claim on choice jobs in the next administration. It would appear that Lleras needs a bit more time to get over his defeat; he also seems to want Lopez to come to him to say "we need you", at which time he can demand some concessions on strategies and programs. He no longer considers Lopez a friend and is known to be out of sympathy with the campaign and Lopez' treatment of the issues. The ex-president has many supporters, but just as many enemies. Most of the latter are to be found around Lopez and Party Dir Julio Cesar Turbay. These are the men who are running the Liberal Party today and we doubt they will crawl to Lleras after suffering real or imagined hurts at his hands

for so many years. One factor that may influence Lleras to enter the campaign is the chance to smash Gomez. A mob burned his house in 1952 and it is widely believed that young Gomez organized and led the arsonists. Lleras told a friend a few weeks ago that he would enter the campaign only if Gomez had a chance of winning and his info as of early Dec was that the Liberals were so strong in all of Colombia's cities that Gomez could not possibly win. Nevertheless, Lleras needs the Liberal party more than the party needs him at this point and we expect to see him working for the ticket not later than March first.

7. One question very much on the minds of Colombian leaders is whether there will be a return to violence in the first freely contested National elections since 1949. Lopez and Gomez are determined to keep the campaign from degenerating into name-calling and bloodshed and agreed before the campaign started to investigate all incidents and fix blame impartially. Unfortunately, the Liberal and Conservative press have not done much to maintain the dialogue on an unemotional plane, but the candidates have so far shown restraint in their public remarks. The Liberals are confident of victory and certainly have no need to arouse old hatreds. Gomez, on the other hand, is in a very real dilemma. He is counting on Lopez' lack of charisma and Liberal divisions to cause a high rate of abstention among Liberals on election day and hopes to squeeze to a narrow victory with the votes of former Anapistas and an aroused Conservative party. His problem, however, is how to keep the Conservative party at a high pitch of enthusiasms without using the Liberals as a whipping post. So far, he has trod carefully in this area in order not to provoke a backlash that would sink him under an avalanche of Liberal votes. Mrs. Moreno is a close friend of Lopez and they have scrupulously avoided attacking each other. Lopez has construed certain constitutional provisions to mean he can appoint Anapistas to his govt, despite the requirement for parity in non-civil service jobs between Liberals and Conservatives. He believes the best means to put an end to Anapo as a major opposition force is to co-opt it into the govt.

8. Pres Pastrana is maintaining an absolutely impartial stance in the campaign. So well is he succeeding that Liberals hold him above suspicion, while Conservatives complain that the least a Conservative Pres should do is to tilt his impartiality slightly toward his coreligionaries. Pastrana is not a strong exec, however, and Liberals complain that some conservatives in key govt jobs are using their offices to benefit the Gomez candidacy. The Liberals have half the govt and we doubt they are less adept than the Conservatives in the political uses of public office. The army is completely neutral and there is no possibility of any military interference in the electoral process, either before or after the elections.

9. We will submit more detailed statistical analyses later, but for now it is enough to keep in mind that of Colombia's 22 departments

the only ones considered to be solidly in the Conservative column are Antioquia, Boyaca, Caldas, Guajira, Huila, Narino and Santander. The overall Conservative margin in these seven depts probably will not amount to more than 200,000 votes. The Liberals can wipe out that margin in Bogota alone if they get out the vote here. In short, Alvaro Gomez is waging an uphill fight. He has the money, the organizational skills and political instincts to close the gap appreciably but probably not enough to win.

White

262. Telegram 3504 From the Embassy in Colombia to the Department of State¹

Bogota, April 24, 1974, 2306Z.

3504. Subj: Election Analysis.

1. With almost all votes counted and a breakdown available by department, we are now in a position to offer a preliminary analysis of the elections.

2. The most striking features of the election were the high abstention rate, the low Conservative vote, the virtual demise of Anapo and the absolute majority for the Liberals that will give them clear control of both Houses of Congress.

3. That a smaller percentage of eligible voters should go to the polls in this, the first Liberal/Conservative face-off in National Elections in twenty-eight years, than in 1970 is a source of speculation and wonderment. The Liberal vote was just about what we had anticipated,

¹ Summary: In reporting López's victory in the presidential election, the Embassy commented on the high abstention rate, the low conservative vote, and the Liberals' control of both Houses of Congress.

Source: National Archives, RG 59, Central Foreign Policy File, D740096-1180. Confidential; Immediate. Repeated to Cali, Medellín, and USCINCSO. On July 14, Vaky reported on the Electoral Court's official vote tally for the presidential election. Out of a total of 5,174,224 votes cast, López received 2,911,292; Gómez received 136,736; Rojas de Moreno received 490,530; Echeverri received 136,736; and Duarte received 5,657. (Telegram 6256 from Bogotá, July 16; *ibid.*) In an August 5 memorandum, the CIA concluded that while López would probably be more aggressive than his predecessors in reaching out to Communist countries, and while he might criticize some aspects of U.S. policy, the new Colombian President saw his criticism as constructive and therefore it would not damage bilateral ties. (Central Intelligence Agency, Office of Support Services (DI), Job 79T00863A: Intel Pub Files, Box 34, Folder 1: Colombia Under A New President, No. 1035/74)

but Conservatives abstained in large numbers as did Anapistas. The great mass that has never voted remained out of the electoral process again this year.

4. With respect to the Conservatives, what seems to have happened is that Gomez' strategy of not provoking the Liberals into a massive turnout was successful, but with Conservatives, not Liberals. Gomez' cool and bland approach left Conservatives in a distinctly apathetic mood. Nor did Gomez' hopes for an overwhelming return of Conservative Anapistas to their former party materialize. Rather than vote for either Gomez or the Anapo candidate, Mrs. Moreno, they stayed home on election day. In comparing the 74 and 70 elections, there is a close correlation in many departments between the drop-off in the Anapo vote from 70 and the decrease in the Conservative vote. For example, in the department of Cordoba the Conservatives (including Conservative Anapistas) received 79,000 votes in 70, of which 41,000 went to Anapo. In 74, Anapo received 5,000 votes in Cordoba, down 36,000 from 70. The Conservatives won 42,000, down 35,000 from the combined Conservative Anapo total in 70. This pattern was repeated throughout the nation, although it does not hold in every instance.

5. Another factor in the route of the Conservatives was the inactivity of the progressives in that party. The leaders of that group, Belisario Betancur, a proven vote getter, Hernan Jaramillo and J. Emilio Valderama, remained on the sidelines throughout the campaign. Their followers were treated harshly by Bertha De Ospina and the old Lareanistas and received poor position, or no position, on Congressional lists. In the wake of defeat the recriminations we anticipated in Bogota A–51 of March 14, 1974 have begun and the Conservative party has entered into what promises to be its most difficult period in many years.

6. The Liberals who went to the polls seemed not so much inspired by Lopez, a most uncharismatic figure, as they were impelled by fear that Gomez might win. Despite Gomez expensive effort to present himself as a man of peace (an effort that included posters showing him holding a dove), many voters saw in him the spirit of his father, Laureano, and hustled to the polls to vote against the old man.

7. As for Anapo, the movement may well be finished as a major opposition force. The few Congressmen elected on the Anapo ticket probably will drift back to their old parties. Mrs. Moreno has made brave statements that she intends to keep the organization together and prepare for 1978, but no one believes her. Not only did she lose the Conservative Anapo vote, but the urban Liberals on whom she counted decisively rejected her and her party. The person most responsible for the Anapo debacle probably is Senator Samuel Moreno Diaz, the candidate's husband, a corrupt and singularly unintelligent politician.

Vaky

263. Telegram 3911 From the Embassy in Colombia to the Department of State¹

Bogota, May 7, 1974, 1630Z.

3911. Subject: Conversation with President-elect.

1. Summary. In a private luncheon conversation, President-elect Lopez ranged over a number of topics. He indicated he was more interested in bilateral relations with the US than hemispheric community, more interested in meeting Colombia's economic needs and problems than the Andean Pact per se. He implied that if it came to that he would not sacrifice Colombia's needs to a larger bloc consideration. He expressed concern over Carlos Andres Perez economic address, and said that his administration would not be tempted to imitate Venezuela. He indicated that he is moving very cautiously and slowly in forming his government. All in all Lopez indicated that he would follow a careful and pragmatic course; he reflected a very thoughtful, sober mood with respect to the problem he faces. End summary.

2. Principal points Lopez made were as follows:

A. In response to my question about how he saw US-Colombian relations over the next several years, he said he saw no real problems. He went on to say that he was not a particular supporter of the community or bloc idea, or of hemisphere "solidarity" that he thought Colombia had its own problems and needs and these were not the same as other countries; that Colombia would of course attend hemisphere meetings, but he was more interested in a sound bilateral relationship and would concentrate on that.

B. With regard to specific problems, he did not appear very perturbed over the cut flowers issue. He said he thought the CAT system should be revised. He mused that he had thought of a system whereby the CAT would be available only if a product's price fell below a given level. I said I was not sure if that would escape the subsidy definition.

¹ Summary: Vaky and Lopez discussed inter-American relations and trade and investment policy.

Source: National Archives, RG 59, Central Foreign Policy File, D740110-0637. Confidential; Limdis. In telegram 45858 to Bogotá, March 7, the Department of State informed the Embassy that the Department of the Treasury was preparing to announce the initiation of a Countervailing Duty Proceeding in response to a Colombian tax-credit system for exports of cut flowers. (Ibid.) In telegram 2500 from Bogotá, March 25, the Embassy sent a summary of a letter from Vázquez to Kissinger in which the Foreign Minister maintained the export promotion system did not constitute a subsidy. (Ibid.) CATs were negotiable certificates issued by the Colombian Government which businesses could use to pay taxes. (Telegram 2632 from Bogotá, March 29; *ibid.*) The reference to a "nickel project" relates to plans by the Hanna/Chevron company to invest in Colombia. (Telegram 9519 from Bogotá, November 20, 1973; *ibid.*)

He mused about other ways to stimulate exports such as letting the exchange rate “crawl” a little faster as the IMF suggested. On foreign investment, he indicated that there would be strict rules and tough negotiations on things like mining concessions, but he did not oppose investment. He wondered why the nickel project was taking so long, and he said that the government had to revise and review its rules and regulations (e.g. the petroleum code and natural gas) so that a comprehensive, modern but incentive-granting regimen existed. (He implied he was anxious to see both the Hanna and Peabody projects get underway.)

C. He said a viable coffee agreement was very important to Colombia.

D. With regard to the Andean pact, he repeated what he said regarding the hemisphere he was not particularly enamored with bloc positions and bloc action. He thought each country had specific needs and therefore uniformity should be neither automatic nor rigid. The ability to make exceptions to general norms was important.

E. He was surprised at Carlos Andres Perez economic speech, as much by its “unsophistication” as anything else. Perez seemed to just throw in the kitchen sink. Lopez knew people would think his administration would be influenced by Perez but he did not intend to do anything similar. “Perez can afford to nationalize: Colombia could not”.

F. He was still in the process of organizing his government. He has not decided fully on his Cabinet and would not announce it until shortly before inauguration. He did say that he would probably name Rodrigo Botero as Minister of Finance. He asked this be held in confidence, though he said he assumed it would begin to leak since he had designated Botero as his Liaison with Minister Echeverria. I asked him whom he would name as Foreign Minister, and he said “probably Turbay”. He said he owed Turbay a debt, and if Turbay wanted it he would name him. He had suggested this to Turbay before the election, and the latter asked that they talk about it again after the election. He has not had a chance to do so yet. If it was not Turbay, he was not sure whom he would name. Lopez said he wanted new faces in the Cabinet, and he would appoint a number of women to positions in his government.

Vaky

264. Telegram 8538 From the Embassy in Colombia to the Department of State¹

Bogota, September 23, 1974, 2210Z.

8538. Subject: Revision of Export Promotion Program-CAT. Pass Treasury for Suchman. Ref: Bogota 8493.

1. Begin summary. The long awaited revision of the CAT system was unveiled evening of Sept 20 by Presidential decree which goes into effect Jan 1, 1975. It virtually eliminates CAT tax rebates for a wide range of mostly primary sector commodities including cut flowers. Other non-coffee and petroleum exports will be entitled to only a 5 percent CAT as compared to 13 and 15 percent under the former system. End summary.

2. The CAT was reduced to one-tenth of one percent for a wide range of products in short supply in Colombia and/or products where world prices have risen substantially. Major products in this category include: cereals, most live animals, sugar, cement, chemical and pharmaceutical products, fertilizers, plastic materials, wood, precious and semi-precious stones, flowers, and metals. Some of these products were entitled to only a one percent CAT under the old system.

3. All other agricultural exports not specifically provided the one-tenth of one percent CAT will be entitled to a seven percent CAT of which two percent points will continue to be transferred to ICA to help small agricultural producers. This will mean that these exporters will not receive a CAT of 5 percent as compared to 13 percent under the former system.

4. All other export products will be entitled to 5 percent CAT rebates. Under the former regulations products in this category were entitled to a 15 percent CAT. No mention is made in the presidential decree of the 40 percent domestic value added requirement which was mandatory under the old system.

5. The announced CAT reductions are certain to make exporting less profitable than it otherwise would be. However, it is not clear if these reductions will be a sufficient dis-incentive to slow down significantly the growth of non-traditional exports. The future growth and profitability of these exports will depend on (a) the strength of world

¹ Summary: Vaky reported that a decision by the Colombian Government to virtually eliminate tax rebates for a wide range of commodities would substantially reduce the chances that the U.S. Government would be required to impose countervailing duties on Colombian exports to the United States.

Source: National Archives, RG 59, Central Foreign Policy File, D740268-1003. Unclassified. Repeated to Cali and Medellín.

demand and price trends for Colombia products abroad, (b) continued access to world markets, and (c) GOC's exchange rate policy.

6. Begin comment: Under present law modification of the CAT could not be put into effect until 1 Jan 1975 unless emergency economic powers were used. The budget saving from the reductions in CAT will not be realized until the second half of 1975 where fewer CAT certificates will then be maturing. The decision to substantially reduce the CAT may be a measure taken by the GOC to help redistribute income. That is, instead of using government revenues to subsidize exports through CAT rebates, which only indirectly benefits the poor; the funds saved by reducing the CAT could be used to support programs of more direct benefit to the poorer Socio-Economic groups. In any event, the decision to substantially reduce the CAT goes a long way in reducing the danger of future countervailing duty claims against Colombian imports to the US.

End comment.

Vaky

265. Telegram 9572 From the Embassy in Colombia to the Department of State¹

Bogota, October 26, 1974, 1456Z.

9572. For the Secretary From the Ambassador. Subject: Presidential Directive on Narcotics Control Activities. Ref: State 233134.

1. I place the highest priority on the narcotics interdiction program in Colombia. I have personally spoken with President Lopez as well as with key Colombian officials to impress upon them the need for action and our willingness to cooperate. President Lopez has assured me that he understands the seriousness of the Colombian narcotics situation. I am very encouraged by President Lopez' appointment of Gen. Matallana as the new Director of the Security Police (DAS) with

¹ Summary: Vaky informed the Department that key Colombian officials understood the seriousness of the narcotics problem, and that over the past two years Colombia had made progress in its drug enforcement efforts. However, Vaky was not satisfied with the progress to date, and he predicted that there would be a need for continued U.S. assistance and encouragement for the foreseeable future.

Source: National Archives, RG 59, Central Foreign Policy File, D740306–0958. Confidential. In telegram 233134 to all diplomatic posts, October 23, the Department requested that Embassies report on narcotics control activities in their countries. (Ibid.)

a mandate to take charge of and make effective an expanded narcotics interdiction program. The mission activities in the drug program are under the daily review of the DCM. Our mission narcotics plan has the necessary flexibility to reassign priorities to achieve our goals. To the extent possible this action plan is developed in collaboration with the concerned GOC law enforcement bodies.

2. Over the past two years Colombia has made progress in its drug enforcement efforts and it is expected that the activities undertaken by the Lopez Administration will result in additional improvements. Members of the mission team remain in close daily contact with GOC officials involved in enforcement, education and rehabilitation in order to encourage and assist the GOC in all areas of the drug program.

3. The GOC is cooperating and dedicating its available resources to the war on illicit drugs. However, I am by no means satisfied with the progress to date in stemming the flow of illicit drugs from Colombia to the US and foresee the need for continued US assistance and encouragement for some time to come.

Vaky

266. Telegram 2128 From the Embassy in Colombia to the Department of State¹

Bogota, March 5, 1975, 2130Z.

2128. Subject: The US and Colombia: The Problem of Linkages. For ARA Asst Sec Rogers from the Amb.

1. Summary. This cable is intended to give you a tentative overview of the GOC's perception of US in the hope that this may be helpful to you, particularly in the light of possible forthcoming visits: A significant change is occurring in the GOC's perception and attitude toward US. It appears to be increasingly one of doubt about the sincerity of our interest or of our capacity to cooperate in the crunches, and a corresponding conclusion that they cannot depend upon close ties with US alone to defend their own interests. This perception is not new in Colombia, but the readiness of the GOC to act systematically on it is. This perception is the result of the linked impact of a variety of factors, especially the Quito conference, the trade act and our response to a series of bilateral issues. It is not that the GOC is becoming hostile; rather it is becoming more calculating and hard-headed, more willing to offset US and to develop more leverage to deal with US. To some degree this is understandable; but the point is that at the moment Colombia is moving away from US, and the ultimate degree of friendship or antagonism, warmth or coolness of our basic relationship is still to be decided. A conscious awareness of how the GOC "sees" US and of how linkages among the various things we do reinforce each other would help optimize beneficial effects. End summary.

2. More than most LA countries, Colombia has approached the whole question of a relationship with US with understanding and moderation. Thus while Colombia shares the Latin American fear of

¹ Summary: Vaky reported that the outcome of the Quito MFM, the provisions of the U.S. Trade Act, and the U.S. Government's handling of bilateral issues had caused the Colombian Government to doubt the sincerity and reliability of the United States.

Source: National Archives, RG 59, Central Foreign Policy File, D750078–1057. Confidential; Priority; Limdis. The Quito Conference is discussed in Documents 386, 389, and 396. In telegram 519 from Bogotá, January 17, Vaky reported on January 14 conversations between U.S. and Colombian officials on textiles, stating that the Colombians sought to stabilize and increase their share of the U.S. market. (Ibid.) The Urrutia-Thomson Treaty of 1914 guaranteed Colombia's right of access to the Panama Canal. López, in a conversation with Mailliard and Vaky, expressed concern that the current Panama Canal negotiations maintain Colombia's rights under the Urrutia-Thomson Treaty. The U.S. officials assured him that Colombia would be consulted with regard to U.S. capacity to comply with the Treaty. (Telegram 802 from Bogotá, January 27; RG 59, Central Foreign Policy File, D750031–0766) Kissinger's March 1 speech is in the Department of State *Bulletin*, March 24, 1975, pp. 361–369. In telegram 4902 from Bogotá, May 29, Vaky reported that a U.S.-Colombian agreement on textiles had been signed. (Ibid., D750189–1046)

the interventionist tendencies of our power, it has also been more disposed than most to appreciate the benefit side, to be cooperative and to "help US out" (e.g. flowers and countervailing duties). More than most, Colombians have understood what we had in mind when we talked of mutuality, interdependence and dialogue.

3. Now, however, a subtle but significant change is in process in the GOC's perception of US. The image of the US which increasingly appears to form the basis for the Lopez administration's attitude toward US may be described approximately as follows: a) whatever the rhetoric, the US as a nation and a people are basically indifferent to Latin America's ordeal; at least they are unwilling or unable to implement any special treatment for the region; b) the US readily departs from its philosophy and rhetoric when it feels its self interest requires, and it frequently "exports" its problems; in particular the US does not hesitate to use its power as a sanction or to "intervene" when it feels it must; c) all of this is understandable and realistic, but what it means is that for Colombia to depend too much upon close ties with US is to subject Colombian development and national life to US-determined interest, priorities and perceptions and to US domestic crises and swings.

4. This Colombian perception is the result of the linked impact of a number of complex and long-range factors, such as basic changes in the world structure; what they see as the impact on US of our recent and current domestic economic, political and spiritual crises: The CIA "revelations". But there are three proximate sources for this "cooling" which it is important for US to understand: a) the GOC's reaction to Quito b) the image of US they saw revealed in the Trade Act and c) our reaction to a series of bilateral issues.

5. Quito. President Lopez said to Ambassador Mailliard that the GOC had assumed that in agreeing to an OAS meeting the US also implicitly agreed it should be a success. The GOC believes it was in our power to help secure the requisite votes, and that therefore our decision not to do so was a deliberate one that left it out on a limb. What it is particularly important to understand is that their unhappiness rests basically on personal dimensions. Colombians are intensely personalistic, and dignity and self-esteem are extremely important. The Foreign Minister and the President, and more abstractly all the GOC, felt personally embarrassed by the results. Their dignity and self-esteem were damaged, and they fastened on us as the cause. One does not, in their view, treat a friend that way. That is why the resentment has been deep and why logical arguments do not alleviate it.

6. Trade Act. The Colombians consider that the Trade Act neither hurts nor particularly benefits them. They understand the concepts behind it and give us credit for them. To them however the conditions

in Title V are reminiscent of the Hickenlooper amendment and are evidence that we are still prepared to attach conditions to our assistance. To them import-sensitive exceptions are deliberate departures from our stated philosophy when adherence to it becomes difficult. To them there is little in the act that shows any special consideration for Latin America. What they see demonstrated, in short, is not so much our principles, but how readily we depart from them under pressure when we think we have to. They understand this as realistic and even inevitable, and they do not condemn us for it (as some of their neighbors do). What they simply conclude is that there is doubt as to how much access to markets they really get.

7. Bilateral problems. Consider the Colombian perspective on some current bilateral matters: although somewhat assuaged by the presidential invitation, the GOC still feels it is not as highly regarded by US as some other nations. The Secretary's March 1 speech, for example, made clear to the world that his trip and yours were important opening guns to grasp the "new opportunity". Yet as far as Colombian knew at the moment they are left out of both.

8. Textiles may be our most touchy current bilateral problem. The Colombians understand our problems; yet their industry is vital to them, too. And so they are waiting to see what treatment we offer them in the light of all we have said about friendship, access to markets, a new world order, etc. Whether they will agree to limit themselves voluntarily depends upon whether they will think our offer reasonable in terms of their own interests. But more than that, they think that what is at stake here is a test case of the future—of the role of comparative advantage in a new world trading system. What they are afraid of is that we will handle it in terms of the domestic political pressures of the moment, rather than as a problem of mutual interests in a new world system as we talk about.

9. Colombia's concern with the Urrutia-Thomson Treaty rests more on concepts of dignity and sovereignty than on estimates of benefit alone. What they see is a treaty right they enjoy [garble] although they have periodically brought this subject up over the past year and a half to ascertain our purpose and thoughts, all they have heard us say is, "don't call us, we'll call you."

10. Although Colombia has ratified the Quita Sueno Treaty, we have not. The GOC can only conclude that the matter is not very important to us.

11. Their efforts up to now to find out what we think about a new coffee agreement have elicited no real answer. Because they have had no indication we wanted a new agreement, Colombia stopped entering actively into tech discussions in the ICO, feeling it pointless. We in turn interpreted that as meaning Colombia had no interest. And so we

have danced around each other waiting for evidence of each other's good faith. What the Colombians look for is private consultations and a meeting of the minds with US.

12. In short, the Colombian perception of US is a total perception. All of these—and other—factors reinforce each other, and it is their linked impact that has added up to doubt a cumulative doubt of the sincerity of our interest, of our willingness or capacity to be helpful in the crunches (which is when they think they need our help the most), and even of how much Colombia itself really wants to open up to US.

13. It is not that Colombia is becoming hostile, far from it. But it is becoming hard-headed. It is less disposed to be cooperative to "help us out". It is more prepared to balance and offset us than to follow our leadership. In short the GOC seems to be moving to a conception of a relationship with US that is based on a calculation of their own interests and a toe-to-toe bargaining strategy, even if it means risking our irritation, displeasure or opposition.

14. All of this is coupled with the growing conviction that the GOC needs to create new relationships and arrangements to advance Colombia's interests and improve its leverage. Thus Colombia is more disposed now than it ever has been to [garble] into a dumb-bell pattern and to regional arrangements such as SELA.

15. There is nothing particularly unique, extraordinary or surprising in all of this. These perceptions are not particularly new. What is new is that the Lopez admin is more prepared than its predecessors to act systematically on these perceptions. The Lopez govt is a far different thing than the Pastrana govt. To some degree, too, Colombia's desire to be master of its own fate is understandable, even desirable. But the point is that Colombia is at the moment moving away from US and it is not clear where it is going to stop. The precise degree of warmth or coolness, alienation or cooperation, irritation or politeness which the basic relationship will ultimately exhibit is still very much in doubt. A subtle erosion in our relationship is in process—some of it unavoidable—and it will take a conscious effort to arrest it.

16. Like most LA's, Colombia judges the value of cooperation with US, and the sincerity of our [garble] and it decides how to deal with US—in short it "sees" US—in terms of how we respond to their concrete problems, situations, interests and needs. This egocentric attitude should neither irritate nor surprise US. LA's have no other way of conceiving a relationship with US, given their long history of gravitation around our power pole and their list of past grievances. "What have you done for me lately?" is to the Latinos a perfectly legitimate question to ask. And so when we talk of mutual adventures they first seek to test our good faith, and the only way they know how to do that is to judge how we relate to what they consider their major concerns and needs.

17. This situation is still with US. The Secy's March 1 speech was excellent. Cellos are more soothing than trumpets. But ultimately the question will be the same: What does it mean for me? When the Secy says commodities policy is essential, the Colombians will say, "fine, how about coffee?" when we say access to markets is vital to the developing world, the Colombians say, "we agree; how are you going to treat me on textiles?"

18. None of this argues for simply catering to every Latin whim. It does mean we have yet to win Latin America's confidence. That in turn underlines the importance of an accurate understanding of how the Colombians "see" us and of a conscious awareness of linkages, i.e. how separate issues reinforce or offset each other. Many of our problems obviously maybe intractable, e.g. textiles. But our style and responsiveness on others might be shaped differently were we aware of the linkages, e.g. visits, and canal question.

19. Curiously we often forget about this linkage effect. Our bilateral policies are often the prey of two interrelated circumstances a) the domestic structure of our bureaucracy which means different experts handle different problems with different perspectives and criteria, and b) the absence of any consensus as to a fundamental purpose governing our relations with LA which can serve as an arbiter when contradictory US sub-interests are involved. Neither the "special relationship" nor any other concept of LA importance has ever really received bureaucratic-wide consensus or acceptance up to now. In the absence of such an accepted over-arching concept or purpose, issues tend to become decided on tech, parochial or individual bases, without particular regard to on-going relations or to each other.

20. No matter how you slice it, Colombia is unique in the hemisphere and uniquely positioned to be consecutive. It is, after all, large enough—fourth in size, third in population—to be important, it is democratic enough to be listened to with respect by the left; non-ideological and pragmatic [enough] to work with the right; dynamic and rich enough—the most industrialized country in the Andean Pact including Venezuela—to be a force in economic integration; poor enough to be a spokesman for the third world in any international forum; and moderate and realistic enough to be willing to respond to us if we prove ourselves willing to help them with their problems.

Vaky

267. Telegram 8169 From the Embassy in Colombia to the Department of State¹

Bogota, August 27, 1975, 1627Z.

8169. For ARA Rogers and Klein. Subject: Phase Out of AID Program.

1. Finance Minister Botero invited me to his office to discuss the state visit (he will accompany the President), and proposed that we agree to phase out the AID program by the end of FY 76. He called this an informal "sounding out" to see what I thought, but in response to my direct question he said it was not a personal position; it was a government consensus.

2. His reasoning was as follows: Colombia's capital resource prospects were truly excellent as a result of tax reform, the coffee market, the elimination of subsidies, and effective mobilization of domestic savings. The figures, which will be released soon, are nothing short of staggering. This meant that Colombia was increasingly able to shoulder the burden of development itself with these resources and capacity, it will be increasingly difficult for the US bureaucracy to justify an AID program; the US Congress will increasingly question it; there will be better use for the funds in the poorest countries. Either levels will come down further, or sooner or later a policy decision will be made by the US to phase out as we had done in Brazil, etc. Or else, if no explicit policy decision is made, the technical, bureaucratic restrictions, requirements and procedures will become so involved that Colombia will not find it worth while.

3. As he said in Paris, he went on, the responsibility for Colombian development rests squarely on Colombia and nowhere else. Colombia was now in a position to assume that responsibility. That was what the Alianza had been all about. The bilateral development program has been a success because the need for it has been outgrown. It is not supposed to go on forever.

4. Since both sides must inevitably question the program's continuance sooner or later, why wait until one or the other takes a unilateral decision and thereby presents a difficult situation. Why not gracefully

¹ Summary: Vaky informed the Department that the Colombian Government proposed phasing out the U.S. AID program, and provided his views on the implications for bilateral relations.

Source: National Archives, RG 59, Central Foreign Policy File, D750297-0045. Confidential; Immediate; Exdis. In telegram 207024 to Bogotá, August 30, the Department welcomed the news of Colombia's desire for a phase-out of the AID program, adding that AID would provide grant and loan funding for high-priority development projects during FY 1976. (Ibid.)

anticipate the situation, and take the joint step and announce jointly that it has been agreed that the bilateral AID program has served its purpose and will be phased out, making clear that this is precisely what AID was supposed to do—work itself out of a job. The President's visit would provide a very graceful context for such joint agreement.

5. In response to my direct question, Botero acknowledged that there was a political dimension to this as well. Colombia, he said, wanted a friendly but new relationship with the US—one of equality and mutual self-respect. The donor-recipient relationship was not the kind of tie we should now have. The US was going to need credible friends in the hemisphere; Colombia's was a voice of reason and moderation, but it will not be credible if it is beholden to the US; it will be a better friend if it is not.

6. Botero asked me to think about it and suggested we meet again next week. Some decision along this line will have to be made soon. In a scheduled meeting between AID personnel and the planning board scheduled for the afternoon of Aug 27, the Colombians will suggest a study of the pipeline and what phase out date might be established.

7. Comment: I consider this, in effect, as a GOC decision. From a developmental point of view the logic is pretty compelling and Botero is of course right that internally we ourselves will increasingly challenge the program's continuance. In any case I do not see that we have any choice, and I think we must now go back to the drawing board. A credible public case can be made, as Botero suggests, in terms of the AID program having accomplished what it was supposed to, etc., and we should begin thinking of the scenario in terms of the visit.

8. This does however trigger another consideration transcending the AID issue and reaching to the very substance of our total purpose and relationship with Colombia. For possibly good and understandable reasons what may be happening, in effect, is that channels of customary US-Colombian interaction are being cut. Is the GOC purpose by doing that to establish independence (the Hirschman "arms length" thesis)? Is it just reaction to a style of tie as Botero said? If so are there substitutes to link our two societies (not necessarily our two governments)? How does one maintain a constructive bilateral relationship if transnational links get reduced or eliminated? These are things to which we will be addressing ourselves in future cables, but in the meantime I think Washington should consider these conceptual but real overall problems—not by any means unique to Colombia—and particularly in terms of the setting for the visit.

Vaky

268. Telegram 8457 From the Embassy in Colombia to the Department of State¹

Bogota, September 4, 1975, 1750Z.

8457. Subject: The Lopez Administration Takes Hold.

1. Summary. At the end of its first year the Lopez administration has demonstrated its ability to govern effectively and even, at times, imaginatively. After turning in what seemed a somewhat lackluster performance during the earlier part of the period it came on stronger during the final months as the administration gained greater confidence and authority and programs started earlier began to prove themselves. What appeared as an uncertain and even bumbling handling of foreign affairs, typified in the administrations first outing at the Quito conference, has evolved into a cautious, pragmatic pursuit of Colombia's interests. While Colombia is moving away from a close identification with the U.S., the Lopez administration remains basically friendly. Colombia may hope to play the role of middleman in what Colombians perceive as growing U.S.-L.A. confrontation; it will certainly have the capacity to do so. The government has not lived up to popular expectations with regard to socio-economic programs, but neither has it justified the initial and largely unreasoned fears of some economic groups, which now appear to have accommodated themselves to the administration. The tax reform package enacted during the economic emergency has at least provided the basis for the beginning of a more equitable distribution of wealth and has contributed to significant progress in slowing the cost-of-living increase. The government enjoys broad political support in the Congress and throughout the country, up noticeably since a drop in confidence at the end of 1974, although there are also foci of discontent (e.g. segments of the urban working class, students) simmering beneath the surface. Rural guerrilla activity continues at the same rate as in the past but urban terrorism, primarily in the form of kidnappings, may be on the rise. End summary.

2. Foreign policy. The central development in Colombian foreign policy during the first year of the Lopez administration from the U.S. point of view has been the clear emergence of a policy of attaining at least the appearance of equality and independence in its relationship

¹ Summary: The Embassy analyzed the López administration's first year in office, concluding that while the Colombian Government had moved away from a close identification with the United States, it remained basically friendly. The Embassy suggested that Colombia might aim to play the role of middleman in what it perceived to be growing confrontation between the United States and Latin America.

Source: National Archives, RG 59, Central Foreign Policy File, D750306-0494. Confidential. Repeated to Cali and Medellín. Airgram A-84 from Bogotá, July 14, is *ibid*.

with the U.S. This policy appears designed to enhance Colombia's ability to exercise greater influence among other L.A. countries and LDC's. There has been growing evidence that Colombia is moving to adopt a more active role in regional affairs.

3. The move toward equality and lesser dependency vis-à-vis the U.S. is the product of several factors. It responds to the view probably long held by Lopez and such close collaborators as Finance Minister Botero that Colombian-US relations though friendly should be at arms length, together with more recent doubts about the sincerity of our interest and our capacity to cooperate on problems affecting Colombia, and the conclusion that Colombia cannot depend upon close ties with US alone to defend its interests. (Bogota 2128). Lopez' experience in his first Foreign Policy venture at the Quito conference of Foreign Ministers in Nov 1974 when, as the GOC saw it, the U.S. failed to support the Colombian co-sponsored initiative to lift OAS sanctions on Cuba, and by abstaining, condemned it to failure, reinforced the belief that Colombia should diminish its reliance on the U.S. The immediate result of the Quito experience was the decision by the GOC to recognize Cuba. Given Colombia's tradition of respect for legality and for working within the OAS, Cuban recognition was indeed a significant step. It was a result of pique over the outcome of the Quito conference, impatience with the OAS system and with the U.S., and the momentum of earlier GOC actions on Cuba (in the closing days of the previous government, conservative President Pastrana, described the Colombian-Cuban Air Piracy Agreement as the beginning of a rapprochement with Cuba. In his July 20 speech, Lopez asked, could we have done less than continue on that road? Cuban recognition was clear evidence of the GOC's willingness to take an independent line on matters which it perceives as affecting its interests, without regard to U.S. desires.

4. In a series of subsequent visits and meetings with other heads of government, Lopez has moved cautiously and pragmatically to establish a position of regional leadership and initiative. In the March 1975 meeting in Panama with the heads of the Costa Rican, Panamanian, and Venezuelan Governments, Lopez declared his support in moderate terms for Panama's aspirations regarding the Canal Zone and, in another move undertook to continue Colombia's rights under the Thomson-Urrutia agreement by dealing directly with Panama, rather than relying on the U.S. The meeting in Santa Marta, Colombia in July with Venezuelan President Perez and Panama General Torrijos, was primarily a forum for Lopez and Perez to coordinate Andean Pact policy and discuss bilateral issues. Lopez clearly places much importance on the relationship with Venezuela for a variety of reasons, including historical ties, geographic proximity, common democratic forms,

Venezuela's wealth, ideological similarities between the two governing parties, and long association if not friendship between Perez and Lopez. It is equally clear that Colombia's approach to this relationship is characterized by the same pragmatic pursuit of Colombia's interests that inspires Colombia's other relations. The principal outstanding differences between the two countries; the offshore boundary dispute in the Gulf of Venezuela and the situation of the estimated one-half to one million Colombians living illegally in Venezuela, will probably not, assuming mutual forbearance, jeopardize cordial relations but they will remain at least potential irritants between the two countries for some time. At any rate, Lopez does not appear prepared to hitch Colombia's star to Venezuela's foreign policy ambitions. Lopez's recent August meeting with President Rodriguez in Quito is the first in what will probably be a series of visits to Andean Pact capitals aimed at establishing a leading role for Colombia in the pact and in the region—Lopez also signed an agreement on sea limits which protects Colombia's rights but which does not change Colombia's LOS positions. Lopez appears to envision Colombia rather than Venezuela, as the natural leader and spokesman in the Andean Pact, not merely despite Venezuela's affluence and ambition but because these attributes awaken apprehensions regarding Venezuela among other states.

5. Thus, Lopez foreign policy strategy appears to be (1) to establish Colombia as an influential middle power in regional fora, independent enough from the U.S. to be credible to the more militant countries and (2) by virtue of moderate policies and democratic institutions, be in a position to maintain amicable and fruitful relations with the U.S. by so doing Colombia would be in a stronger position to play a key role as broker or middleman in what the Colombians see as a situation of growing U.S.-L.A. confrontation. Lopez is well on the way to accomplishing the first portion of the equation. The second portion depends in part on the U.S. response on a number of common issues. Quita Sueno, the coffee agreement, the trade preferences provide opportunities to improve the tone of the U.S.-Colombian relationship. Two additional issues, the Panama Canal treaty and the GOC requirement that foreign-owned banks sell down to a minority position possess the potential for serious damage to U.S.-Colombian relations.

6. Concern for increasing foreign trade (evidenced by Lopez's frequent reference to Colombia's potential of becoming the Japan of Latin America) is an underlying consideration in Colombian foreign policy. Lopez in his inaugural address stressed the importance of trade relations with the communist countries, and several commercial agreements have been signed. This was a continuance of predecessor policies and does not portend any significant change in Colombia's relationships with these countries.

7. The domestic record. About halfway through his first year President Lopez correctly observed that he had spent so much time “putting out the fires” he had inherited that his other objectives had suffered. The situation undoubtedly contributed to an impression of limpness of style and uncertainty of direction on the part of the administration as Lopez moved, in part by experiment, to “put out fires” and place his own stamp on the government. After over a year in office the image and record of the Lopez administration have greatly improved for several reasons, among them (1) the fiscal success of the tax reforms which have greatly improved revenues and helped slow inflation, and their psychological acceptance by economic groups which formerly felt threatened, (2) Lopez’s declaration of a state of siege, which invested him with a greater aura of authority and decisiveness, (3) Lopez’s recent move to assume the role of Liberal party leader, and (4) the windfall of the Brazilian coffee frost which guarantees increased coffee earnings and has imparted new optimism in the country.

8. The following balance sheet of the government’s accomplishments and failures would indicate that the administration during its first year has done a credible job dealing with the “fires” and laying the basis for the attainment of longer-term objectives:

A) The cost-of-living increase. (One of Lopez’s “fires”) which averaged around 26 percent through 1974, has slowed significantly and 1975’s outlook is for an increase of about 20 pc. The improvement, however, has been at the cost of increased unemployment and a drop in the economic growth rate.

B) The tax reforms enacted during the economic emergency constitute a credible start toward the goal of a more equitable distribution of the country’s wealth. The increase in revenues has served as a weapon against inflation by removing pesos from consumers’ pockets. The Government’s plan is to use the revenues thus gained to finance programs which will furnish badly needed social services to the poor. These programs include the already enacted Sala Cuna law, which establishes free day care centers in cities for preschoolers, as well as plans to improve health, education and nutrition in rural areas. In addition to the direct, favorable social impact of these programs, the Government expects that the construction of schools, roads, hospitals, water supply and sewage systems will provide a fillip to the construction industry and to employment. It is not at all clear, however, whether even given adequate financing the Government’s administrative/technical apparatus is capable of making significant progress creating, staffing and operating these ambitious programs, say by the 1978 elections.

C) Security has become of growing concern to Colombian society, much as it has for many others. Although political violence and guerilla activity have probably not increased over the levels of recent years,

the public's concern over what it perceives as a rise in criminal activity has grown. The root causes of the lawlessness are not apparent. In Bogota, for example, most of the criminals are employed native born city dwellers from the working class or lower middle class, rather than the unemployed or alienated peasants recently transplanted to the city. Sources close to Lopez report that it was primarily his concern over crime, especially kidnapping, which caused him to proclaim a state of siege. So far the state of siege seems to have been more effective as a psychological security blanket, rather than as a means to reduce crime, although it is probably too soon to tell. Its effectiveness against kidnapers, who operate in small relatively professional gangs, is even more doubtful. Most kidnapping hitherto appear to have been purely criminal operations, rather than for the purpose of financing political subversion. While it is not yet clear whether the recent kidnapping of Sears executive Donald Cooper was criminal or political, it seems likely to have been the latter. The problem of security against crime—and against political terrorism—may be one of the most intractable items on the Lopez agenda.

D) Stability. The outlook for stability is better now than it has been during most of the year. The wave of more or less spontaneous civic strikes (*Paros Civicos*) against high prices and poor public services which plagued the government, especially in the fall and winter of 1974, subsided even before the imposition of the state of siege for a variety of reasons, some of them not altogether clear. There are no troublesome labor disputes under way or on the horizon. The politically volatile university students, now on vacation, can be expected to resume their perennial agitation after the resumption of classes. The activities of the guerrilla bands will probably continue at the same rate of recent years. The special powers conferred to the government by the state of siege will have an inhibiting effect on all of the above sectors. Dissatisfaction among some sectors of the military over the firing of the popular former Army commander General Valencia Tovar and Lopez's handling of public order seems to have subsided, especially after the declaration of a state of siege which increased the military's public security role as well as their salaries.

9. Support for Lopez in the Liberal and Conservative parties and in the Congress is also stronger than at any time during the past year. The Conservative party has been from the beginning unswerving in its support for Lopez, probably in order to improve its chances to continue to participate in future governments by proving itself as a loyal and useful coalition ally, and in order not to do anything to discourage division in the liberal party, which playing some sort of opposition role might tend to do. The President's own liberal party seemed until a few months ago to be the potential source of an effective

opposition, with the assumption by ex-President Carlos Lleras of a position critical of Lopez. Lleras has since, however, veered to a position in support of Lopez (A–84) and through his Movement for Liberal Democratization (MLD) is concentrating on weakening Julio Cesar Turbay's control over the party. Lopez is maintaining neutrality in the Lleras-Turbay struggle, and has made clear that he does not regard as harmful the clash of differing opinions within the party, as long as support for the government is not jeopardized. Lopez, who had maintained a strictly hands off attitude in party matters from the beginning of his administration, has now moved to organize loyalist groupings of Lopistas in both houses of Congress and in the Bogota liberal directorate. The strategy seems clear: Lopez is and aims to continue being in a position to play a determining role with regard to who the next liberal party Presidential candidate will be, and thus to ensure the good behavior of all contenders. The loyal support which Carlos Lleras has provided the government in recent months is evidence of the efficacy of this strategy.

10. There are, nevertheless, a number of soft spots in the social and political texture of stability which although now quiescent or potential, may well give Lopez rough sailing in the future. More than sufficient reasons for social and political unrest continue to exist, scarcely abated by the Mandato Claro. Most Colombians live in poverty, and price rises, although at a lower rate than the past, worsen their plight. The anti-inflationary measures have sharpened unemployment and underemployment. Expectations that the Lopez administration would quickly enact radical measures to help the disadvantaged were not fulfilled. However, the government has developed an imaginative and far-reaching program designed to reach the poorest 40 percent of the population. Called the National Food and Nutrition Plan, its main elements are integrated rural development projects financed by Foreign Assistance including AID. The program should provide the Government with a reasonable vehicle to resolve many of Colombia's most serious social problems.

Vaky

269. Telegram 222598 From the Department of State to the Embassy in Colombia¹

Washington, September 18, 1975, 1716Z.

222598. Subject: President Lopez' Communiqué on U.S. Responsibility For Drug Traffic in Colombia. Reference: A. Bogota 8825; B. Bogota 8826; C. State 219462.

1. We have considered President Lopez' communiqué blaming the USG for drug traffic in Colombia and your comments. We agree with your recommendation that the communiqué not be taken as a deliberate provocation, and our response to the issue at the noon briefing (reftel C) attempted to deal with the issue in a moderate tone.

2. While President Lopez was, we believe, unduly one-sided in laying the blame on us, the issue he raised and his concern are, indeed, valid. The Mexicans, too, have pointed out the problem to us, privately however. We agree certainly that an important cause of the drug traffic in Colombia is the difficulty in combating it in the U.S. The issue is one being considered by the Domestic Council now, and its report will contain recommendations that should lead to an improvement in our performance in the U.S.

3. Hence, we do not look upon President Lopez' comments as placing him in fundamental disagreement with us. Rather, it emphasizes the international nature of the problem and the need for cooperation between our two countries in dealing with it. We do not interpret his remarks as an indication of slackening of interest on his part in combating the drug traffic in Colombia. Certainly we are prepared to cooperate with him in the joint effort. In the U.S. we, for our part, expect in the near future to move directly against some of the major trafficking networks which are the cause of his concern.

¹ Summary: The Department concluded that President López's statement that the United States was primarily responsible for Colombia's drug trafficking did not reflect a slackening of interest on Colombia's part regarding drug interdiction.

Source: National Archives, RG 59, Central Foreign Policy File, D750324-0178. Confidential; Priority; Limdis. Drafted by Bown; cleared by Dugstad, Johnson, Costaki, and Devine; approved by Luers. Repeated to Caracas and Mexico. In telegram 8825 from Bogotá, September 13, Vaky reported that López had been upset for some time over the U.S. media's reporting on drug trafficking in Colombia, but a September 12 editorial in the *New York Times* provoked him to issue a communiqué blaming the drug problem on "powerful organizations who commercialize the product in the United States;" López's communiqué was transmitted to the Department in telegram 8826 from Bogotá. (Ibid., D750318-0499) In telegram 8849 from Bogotá, September 15, Vaky reported that López assumed that the responsibility for drug-interdiction efforts rested with the United States. (Ibid., D750319-0588)

4. You may draw on the above as appropriate in discussion with the Foreign Minister.

Kissinger

270. Memorandum of Conversation¹

Washington, September 25, 1975, 11:17 a.m.–12:17 p.m.

PARTICIPANTS

President Gerald Ford
President Alfonso Lopez Michelsen of Colombia
Dr. Henry A. Kissinger, Secretary of State and Assistant to the President for
National Security Affairs
Lt. General Brent Scowcroft, Deputy Assistant to the President for National
Security Affairs
Felipe Lopez, Private Secretary and Son of the President

The President: It is a real pleasure to meet you and have you here. We have already agreed that we have no problems.

Lopez: We have no problem at all. For example, with your AID we have decided that we don't need your help any more. You can use the funds for needy countries.

The President: We readily appreciate your cooperation. We have had other experiences where countries having no obvious need keep on asking. It gives us trouble with the Congress.

Lopez: We are going to get 40–50 percent more from our coffee exports. Why should we ask for aid?

The President: It is really a fine example and will be helpful.

¹ Summary: Ford, Kissinger, and López discussed trade issues, narcotics, and the Panama Canal.

Source: Ford Library, National Security Adviser, NSC Latin American Affairs Staff Files, Box 15, Visit, September 25–26, 1975, President Lopez of Colombia, 5. Secret; Nodis. The meeting took place in the Oval Office. In an undated memorandum, Kissinger briefed the President on topics López would want to discuss, which included trade, U.S. assistance, the Panama Canal, the Quita Sueño treaty, and narcotics. The Secretary noted that the Green Amendment would give the President discretionary authority to exempt Venezuela and Ecuador, which did not participate in the 1973–1974 oil embargo, from the OPEC countries' exclusion from the GSP. (Ibid.) In telegram 8463 from Bogotá, September 4, Vaky, in preparation for the meeting, stated that Colombia desired to forge a more independent relationship with the United States and aimed to be a spokesman on regional issues. (Ibid.)

Lopez: On coffee, we could get along with no agreement, but others want to go ahead with an agreement and we will go along. We will let Brazil use second-grade coffee to keep their quota. The same with sugar.

On the trade bill, we are not affected in any way, but we resent the treatment of Venezuela and Ecuador. I know it was not the Executive Branch that wanted this.

The President: We have been working hard to get that changed. I am convinced it was a mistake, because neither country supported the oil embargo. I don't think Congress knew what it was doing.

Kissinger: We are supporting the Green Amendment.

Lopez: I am having lunch with them. Is there anything I can do?

The President: I would tell them how Latin America feels about this. You can do this effectively because you aren't affected. You can also point out that you are giving up aid and not going to blackmail your own coffee prices.

Lopez: I will do that. After all, coffee consumption is declining.

On the drug problem. It is a worldwide problem, but because of our situation, we are the center of traffic. I made a strong statement because the *New York Times* blamed us.

The President: They blame me for everything else!

Lopez: A small country like us is invaded by people with and without passports, by planes, boats, etc., heavily financed from within the U.S. We don't have the materials to fight back.

The President: How can we help?

Lopez: We could use technology and economic help. We could use helicopters to find where the planes land. We catch them all the time.

Kissinger: We gave \$900,000 for that.

Lopez: It is too little. The tourists spend \$50 million in Colombia. It has just gone up to \$250 million. That is not tourists—it is bribes, etc.

We have both a Pacific coast and an Atlantic coast which makes it ideal for smugglers. If you could help us to deal with them, we would appreciate it.

The President: We will do everything we can. It is a terrible problem for us and we want to do everything possible. Do you need technical people or money, both, or what?

Kissinger: I asked Brent to look into the possibility of helicopters. We have given them elsewhere.

The President: By all means, we will look into it. Are helicopters the best way?

Lopez: Yes, to locate airfields and boats.

The President: I would suggest you mention this in your meetings with the Congress. If they know you are working so hard to solve it, it will help us to get the money to help.

Lopez: The drug operators are worldwide. You can't deal with the problem by just dealing with it in the U.S.

The President: That is right. We have found that after the decline in drug use, but recently it has been on the rise again and with harder drugs.

Lopez: We can't control marijuana. We try to control traffic in it, but we concentrate on cocaine and heroin.

The President: Drug users account for a high quantity of crime in the U.S. Their demands are insatiable.

Lopez: Now let's discuss Panama—[to Kissinger] your favorite subject. [Laughter]

Torrijos came to see me a few days ago. [To Kissinger] Do you know him?

Kissinger: I have met him, a year ago.

Lopez: I am sorry to see your Embassy was attacked.

Kissinger: They are making a mistake. We are trying to get it done, but we have to say certain things. And it is terribly emotional in this country and we can't do it until the elections are over. Then we can sign in 1977.

Lopez: Let me be frank. Torrijos says the same thing, that he has to have something to show.

The President: We sent Bunker down there with a new position.

Kissinger: Yes, it was much more forthcoming. We did start with 50 years, though.

Lopez: They don't think so. Let me tell you, it is easier for a small country to negotiate with a big one than with one of equal size. I would rather negotiate with the Soviet Union than Panama.

I asked how they would defend the Canal. They said they had thought of that and offered to let the U.S. in in case of aggression.

In the Canal Zone, they want to have full jurisdiction.

Kissinger: That they can get after the transition period. That is not the problem. The problem is about guerrilla action and the borderline between civil disturbance and guerrilla action.

Lopez: It is between action against third parties and action between Panamanians.

Kissinger: Yes. We do have the right to defend the Canal against third parties. We have asked for 50 years, but we can slip that.

Lopez: Do you need fourteen bases?

Kissinger: Look, we can maneuver so we can give up more, but if we have to do it all now and with publicity, the Congress will stop it. We must have time. We sent a different team down there and we found we can give up a lot. We can give up a little at a time so that over the

period they will get what they need. But we need to maneuver. The House just voted again to take away our ability to negotiate.

The President: That is right, and 32 senators sent me a letter against a treaty. They should know that a newly-elected President can do a lot that I can't now.

Lopez: If you could do something without negotiating.

Kissinger: Outside the discussions?

Lopez: Yes. Something you are not going to use.

Kissinger: You think that would help?

Lopez: Very much.

Kissinger: That I think we can do. Defense would go along with some of that. We had been holding it back for the negotiation, but we can do it now.

Lopez: The small things. Torrijos has his own enemies who say he is getting nowhere after a year. If he had something concrete, even small, it would help him.

Kissinger: We will look at it. We had decided against it in the NSC.

The President: Let's look into it.

Kissinger: I haven't looked at the Defense team report, but we can do something.

Lopez: I want to make clear I am not threatening. I am not the bearer of any threats.

The President: You will be very well received on the Hill. No threats, giving up aid, help on drugs.

Lopez: I don't want to say that without a treaty Panama could be another Vietnam.

Kissinger: If you could tell them, however, the attitude of all of Latin America, so then they understand just what the attitudes are.

The President: I didn't realize until I was preparing for you that Colombia had transit rights.

Lopez: Yes. The treaty of Thomson-Urrutia. We would negotiate with Panama after they got control. They are willing to give the U.S. the right of military intervention, but as allies, not unilaterally. What they don't like is the assertion of the right of intervention in the Canal Zone based on the treaty of 1903. Over the next 18 months, then, I will try to present the picture of the two of you working together and that things are moving along. Torrijos doesn't always follow my advice, but he listens to me.

The President: We were talking in the Blue Room about inflation. Colombia is doing better than we are, but we both are scared as we look around the world.

Lopez: One way we are doing it is to fight inflation by inflation—we raise interest rates very high to sop up demand. It is working.

The President: Our big problem is fiscal. We do have interest rates high, but we are running a deficit of \$60–80–90 billion.

Lopez: According to the World Bank, we made the most radical tax reform in the world. More so than Canada. We had a fiscal problem, but we have doubled the interest rates in one year. This is better than issuing more money.

(The meeting ended.)

271. Memorandum of Conversation¹

Washington, September 26, 1975, 11:30 a.m.–noon

PARTICIPANTS

President Ford

President Alfonso Lopez Michelson, President of Colombia

Dr. Henry A. Kissinger, Secretary of State and Assistant to the President for National Security Affairs

Lt. General Brent Scowcroft, Deputy Assistant to the President for National Security Affairs

[There was small talk about soccer, while the photographers came in and took pictures.]

Lopez: Have you any news on oil? The OPEC meeting.

President: Brent?

Scowcroft: Not since I mentioned the latest to you this morning.

Kissinger: It looks like it will end at 10 percent.

President: The Saudis have been much tougher.

Lopez: Venezuela told me they were for 5 percent.

¹ Summary: Kissinger, Ford, and López discussed OPEC, the U.N., the Darien Gap, trade, and the Panama Canal.

Source: Ford Library, National Security Adviser, NSC Latin American Affairs Staff Files, Box 15, Visit, September 25–26, 1975, President López of Colombia, 6. Secret; Nodis. The meeting was held in the Oval Office. On September 26, Kissinger and López held a follow-up conversation, in which they discussed regional and world issues, and European history. (National Archives, RG 59, Central Foreign Policy File, P820125–0025) Rogers sent Kissinger a briefing memorandum in advance of this meeting on September 19. (Ibid., ARA/NCA Files, Records Relating to Colombia, 1967–1975: Lot 78D45, POL 7.2, López State Visit, 3)

President: We can handle such an increase. But I worry about other countries for whom every increment is a heavy burden.

Kissinger: This is encouraging about Venezuela. They have been among the radicals.

President: We can do it, but Japan, Italy, etc., are not so fortunate. It is shortsighted. The higher the prices the more conservation they force.

Lopez: There is an increasing number of countries in the UN who are voting against you. Will it not bring an end to your patience? I ask, because it seems to me something must happen sooner or later.

Kissinger: Look at some of the new countries—Sao Tome, Cape Verde. There they sit with an equal vote and are very susceptible to radical pressures.

President: And I guess they can be easily corrupted.

Lopez: They have little to discuss, so they attack the United States. It is a conversation topic.

Kissinger: And it's free. But we are beginning to keep a log of who talks and votes against us. Some of these guys are amazing; Kaunda sat right here and in answer to a question as to how to help get the right party elected in Angola, he said: "You get them in power first, then we will hold the elections." Then in his evening toast he blasted us for undemocratic practices.

Lopez: The fact is the UN standards are lowering every year. I suspect sooner or later something will happen.

President: If the abuse continues to expand, I think Congress will react adversely. They can deny money.

Lopez: Or force your withdrawal.

President: We have to keep a record so we can go to them and say we won't take this abuse and have you come back bilaterally for help.

Lopez: It is popular to vote against you.

Kissinger: But it will no longer be free.

Lopez: I hear they are thinking of expelling Chile from the UN. I'll find out more this afternoon.

Kissinger: We will fight it. And South Africa.

Lopez: Even that?

Kissinger: I told the Africans we abhorred apartheid, but if it is done for one reason one time, it can be done for another reason another time.

Lopez: Even if they violate the Charter?

Kissinger: You can argue Namibia, but not apartheid.

Lopez: I am glad to hear, privately, that you will not tolerate abuse from the radicals. It looks bad for the moderates not to look as good.

President: I had a check made on the narcotics. I know it is of highest priority for you too. For this year we are appropriating \$1.3

million, which is a huge increase. This gives us an opportunity to charter boats and aircraft—and we will look into the purchase of helicopters if necessary.

Lopez: I really thank you. I was pleased to hear a member of the Senate Foreign Relations Committee this morning saying you would provide money to help in the program. He raised it himself.

When I was here with the President Lleras to talk to President Nixon, we talked about the highway. I want you to know I no longer think it is that urgent. It is still a jungle and we must protect against hoof and mouth disease.

President: There was a meeting yesterday, and I think a timetable may be set. We are making progress.

Lopez: It is a necessity, but we are not in a hurry. It will cause me some political trouble in the region, but it is not a real problem.

President: We want you to know we are not holding back.

Lopez: No, we know that.

President: There is a Michigan delegation going to Colombia with 130 people in the trade delegation led by George Lambrinos. He is a good man.

Henry, how about Panama?

Kissinger: The important thing is not the details but the fact that the President has determined to move it to a conclusion. But we have to bring the Congress along carefully. We can't take too big steps at once, and Torrijos must recognize that. If it is helpful to turn something over, we can manage that. I am speaking very frankly to you—Torrijos should not break up the talks.

Lopez: Exactly what I have said. I told Torrijos to look at the polls. There is a trend in the U.S. to a hard line. I said, "Look at the emergence of Wallace—he is a fact." I said, "Let the Americans handle the problem their way." They have a tendency to publish things they should not. You remember the letters. I told him I had to ask permission to publish them. I see completely that this is not the most favorable time to make concessions. To a certain extent the question is semantic. "Indefinite" has many meanings.

Kissinger: We have said 50 years. That is not our last word. But we know they can't defend it themselves.

Lopez: We very much appreciate your having us here.

President: I thoroughly enjoyed our visit and your charming wife.

272. Telegram 10609 From the Embassy in Colombia to the Department of State¹

Bogota, November 3, 1975, 2055Z.

10609. Subject: GOC Expectation of US Narcotics Aid. State for S/NM. Caracas for Ambassador Vance, Luns and DEA.

1. It is clear from a series of conversations with the President, the Foreign Minister and the Minister of Justice that; A) The President believes he was promised substantially increased aid for narcotics interdiction (and specifically helicopters), and as a result the GOC is expectant as to how this will be implemented; B) The need to attend to the narcotics problem is now very much in the minds of the highest levels (presidential and cabinet) of government, partly as a result of the focus given the problem by the presidential visit to Washington; C) The awareness of the need organizationally and procedurally to coordinate the governmental effort in a more effective way is also substantially heightened, and as a result some serious thinking and planning is apparently being given within high GOC circles to the reorganization of the official effort.

2. As a consequence of all this we may in turn expect; A) Some changes in organization and/or delineation of responsibilities which may mean, depending on what happens, that we will have to change our habits of dealing with, and our reflexes and notions about the GOC setup; and B) Requests for additional aid or more likely requests for us to indicate how we are going to provide promised aid. Therefore, Washington should be aware that since we appear to be entering a new phase in our relationship with the GOC on this problem; and since the expectation of, and willingness to receive, more help is greater—and the need and opportunity as well, we may well have to go back to the drawing board on the NCAP, or at least augment our projections. Over the next several weeks we will be trying to define the situation more clearly, and we will be submitting recommendations as we develop them.

3. The most significant conversations were as follows:

A) On Oct 20 the Foreign Minister told the Ambassador that he (the Minister) had been asked by the President to consult the Ambassador on how we proceeded regarding the additional help on narcotics which the President was promised in Washington. The Ambassador said that there were pending ProAgs still unsigned and expressed the hope that these

¹ Summary: Vaky informed the Department that López believed he had obtained a commitment in Washington for funding to support the interdiction of illegal narcotics. Source: National Archives, RG 59, Central Foreign Policy File, D750381-0814. Confidential; Priority. Repeated to the DEA and Caracas.

could be moved; that as to the future, it would be useful to examine carefully what the GOC plans and strategy were so that a logical conclusion could be drawn as to what equipment might be needed to implement these; that this made essential the question of what agencies of the GOC were to do what and with whom the President wanted us to deal as to future aid and equipment; and that coordination was particularly important to prevent duplication of effort or equipment requests. The Minister agreed these were important steps and said he was going to coordinate a study of these points. In a subsequent conversation on Oct 30 with the Ambassador and Dept Asst Sec Luers the Minister discussed the point of coordination and organization at length. The pros and cons of various kinds of coordination were discussed. The Minister expressed a preference for the Ministry of Justice as the main focal point and the council on drugs as the main vehicle. He said that next week he would like to organize a lunch with the Ambassador and the Minister of Justice to discuss these matters.

B) During a courtesy visit on the President by the Ambassador and Mr. Luers on Oct 30, the President referred to the narcotics matter, stating that in his second meeting with President Ford in Washington he had been told that the USG had “decided” (sic) to grant Colombia 1.3 million dollars additional aid. When we suggested that this figure corresponds to what we have extended in the past and its citation may have been that, the President said it was specifically couched in future terms as what the US would offer and his son (his note taker) had made notes in that regard. In any case, the President said, the figure was not important; what was important was effective cooperation. (Comment: the President was, I think, quite sincere that the precise figure was not important, and I do not believe he would hold us to that. But he was equally sincere that Colombia wanted more and sizeable help, and that he expects and thinks we offered.) The President mentioned helicopters and said these would be most useful and were required. Some discussion was held on the problem of GOC coordination and organization and with whom technical examination of plans and needs ought to be held, the President indicating he was thinking primarily of the police and DAS and expressing his own confidence in General Matallana as the one to manage most of this. The President said he would give more thought to this question of internal organization.

C) In a conversation with the Minister of Justice on Oct 31, the Ambassador stressed the desirability of proceeding to sign pending ProAgs. The Minister agreed. A long discussion was held on the question of coordination and organization; various devices were discussed, with the ambassador pointing out that there were different dimensions—enforcement action, education and rehabilitation, high-level policy coordination, intelligence collection—all of which had different

characteristics which required different forms of cooperation. The Minister indicated he would get back to us after giving these matters further thought.

Vaky

273. Telegram 40131 From the Department of State to the Embassy in Colombia¹

Bogota, February 19, 1976, 1748Z.

40131. Bogota for Ambassador, Geneva for Vance. Subject: GOC Narcotics Reorganization and Associated Assistance Request. Ref: (A) Bogota 0981, (B) Bogota 1176, (C) Bogota 1414, (D) Bogota 1671, (E) Bogota A-105, August 25, 1975.

1. Your reports of GOC plans to reorganize its national narcotics control effort have been welcomed here as indication of substantially increased GOC commitment to international narcotics control program. While we are confident Embassy has not implied any commitment on specific aspects of GOC request for increased assistance, proposals outlined in Bogota 1671 underscore need for cautious approach to entire assistance question. In sum, we are prepared to provide increased narcotics-related assistance to GOC provided: (A) GOC develops a realistic control program which proposes to attack specific problems in specific ways; (B) Successful implementation requires commodity assistance using narcotics funds; and (C) Funds made available by Congress. End summary.

2. We do regard Colombia as a high cocaine priority country and consider it appropriate to augment our assistance considerably beyond prior levels, if this is required to diminish its middleman role in the

¹ Summary: The Department informed the Embassy that it was willing to provide increased anti-narcotics funding if Colombia developed a realistic control program and implemented commodity assistance programs.

Source: National Archives, RG 59, Central Foreign Policy File, [no film number]. Confidential; Immediate. Repeated to the Mission in Geneva. Drafted by Ernst and McLaughlin; cleared by Kranz, Grown, Wampler, and Mantonelli; approved by Ernst. In telegram 1176 from Bogotá, February 3, the Embassy informed the Department that López had tapped the Ministry of Defense as the executive authority responsible for coordinating the drug enforcement effort in Colombia. (Ibid., D760043-0056) In telegram 1671 from Bogotá, February 13, the Embassy recommended specific levels and types of assistance to be offered to the Colombian Government to support its anti-narcotics efforts. (Ibid., D760058-0436)

substantial cocaine traffic from Latin America to the United States, as noted in your NCAP (Ref. E). We also welcome your assessment that a reorganization of the Colombian effort as outlined in Refs A and C is appropriate to the situation and that it augurs more effective efforts. We note your estimate of the ability of the military to perform in this area. We understand the role of the military for command and coordinating purposes as well as maintaining and operating of aircraft, but assume the people doing most of the actual gathering of intelligence, interdicting and enforcing would essentially be national police, DAS and customs trained and experienced in those functions.

3. With respect to further U.S. assistance, we regard the citation of an overall dollar amount and specification of equipment (Ref D) to be premature. A reasonable rationale for and justification of an enlarged program must be based on a full analysis and definition of the nature, scope and incidence of the narcotics traffic problem to be attacked, together with carefully planned and described approaches to meet it at the most feasible points at which suppression efforts could be applied. While money is a function of program, and there is a “chicken and egg” aspect as far as that goes, the program itself must be a function of elaborated need.

4. Thus, while Ref D is a good summary of what we might rpt might do, we would be hard pressed at this point to sell it to Congress. Much staff work on both sides remains to be done if we and the GOC are to develop a realistic outline of a workable narcotics control effort. Once it has been agreed that certain types of actions will be required (and that, if undertaken, they have reasonable chance of success), we can then jointly determine what equipment will be needed, how much of this need can be met from existing GOC inventory, and how much and what types should be provided under narcotics assistance rubric. At this point, however, we do not wish in any way encourage unrealistic GOC expectations which, if not met, would lead to a diminution of the Colombian effort.

5. FYI only: At this time we can plan rpt plan on a program in the range of eight to ten million dollars, the maximum that would be available in our FY 76 and FY 77 programs combined, assuming Congressional appropriations for both years reach levels requested by executive branch. End FYI.

6. Further, several considerations must bear heavily on our approach. First, cocaine ranks after heroin in the prioritization of drugs of abuse made in the domestic council white paper. Second, we have heavy and increasing assistance commitments to other countries, certain of which must be given higher priority. Third, our entire FY 1976 narcotics assistance request is for but 42.5 million dollars, and this has yet to be acted upon by the Congress. Fourth, we must be absolutely assured

that equipment provided by assistance funds will be used for narcotics control purposes and not diverted to general support of military or general law enforcement entities. Should this ever not be the case, our program would be placed in grave jeopardy in the Congress.

7. We suggest it appropriate in the circumstances for a small number of Washington-based specialists to join with key members of the Embassy's narcotics control committee, at a suitable time soon after the Secretary's visit, for an up-to-date analysis of the detailed nature of the interdiction problem in Colombia. This would be followed by careful development of a program with the Colombians into which can be fitted appropriate amounts and types of available U.S. grant equipment. We have in mind from Washington, for example, a representative of S/NM for overall programming, one each specialists in aviation, communications and general drug enforcement. In our approach we would give priority to developing and equipping units having drug control as their specific charge over those that would have it as one among other responsibilities.

Ingersoll

274. Memorandum From the President's Assistant for National Security Affairs (Scowcroft) to President Ford¹

Washington, February 23, 1976.

Secretary Kissinger asked that the following report be passed to you on his visit to Bogota:

The contrast between Brazil and Colombia could hardly be greater. It is not just a matter of hot versus cold, or high versus low—though Bogota, I find to my discomfort, is about 9000 feet high. Brazil is protocol and rush from one mass meeting of ministers to another but with close

¹ Summary: Scowcroft informed the President of Kissinger's conversation with López, in which they discussed the Quita Sueño issue, textiles, and the racial dimension to potential Cuban intervention in the Caribbean.

Source: Library of Congress, Manuscript Division, Kissinger Papers, Box CL 176, Trips, February 1976, Trips Book, Folder 11. Secret; Sensitive. Sent for Information. Ford initialed the memorandum. Kissinger held conversations with López and other Colombian officials on February 22 and February 23. (National Archives, RG 59, Central Foreign Policy File, P820117-0997 and P820117-0809) In telegram 54203 to Bogotá, March 5, the Department informed the Embassy of the follow-up action after the Secretary's conversations. (Ibid., D760086-0764)

attention to economic detail, energy prospects, ore exports, arid agriculture and so forth. Here, President Lopez-Michelson suggested that we repair to his equivalent of Camp David, for long philosophical talks in the evening and this morning. I confess I rather like it this way, particularly when the talks are with someone as acute as President Lopez.

He remembers his visit with you warmly. We have picked up where you left off. As you know, we have no bilateral problems with Colombia. They are moderately disturbed that our Senate Foreign Relations Committee cannot even consider the treaty we have proposed to quitclaim our interests over some Caribbean reefs to Colombia. They take this, not as an insult to themselves so much as a hint of what is in store for us all from Congressional management of other, larger foreign relations issues. They are interested in our trade relations, particularly in more flexibility for textile imports. But with Lopez, these issues are too small to create complexes. With him, we can talk broadly about Latin America and the world, knowing that he is not grinding any particular local axes.

He, like every other Latin leader I have met, is profoundly concerned with our current political process. He knows the details of the campaign thus far, is not impressed by the Democratic pack and is well aware that we are in a difficult transition process. He is appalled by the frivolity with which we disclose information extremely damaging to other countries. He hopes that a stronger executive will emerge after November and he can hardly wait.

Cuba is much on his mind. As an international lawyer, he recognizes the juridical issues and talks to them in public. During one meeting with the press, he hinted that he did not see much legal difference between what the Cubans were doing in Angola and our effort in Vietnam, i.e., it was bad. But the real meaning of the Cuban adventure in Angola is for him—he told me privately—the specter of race warfare. He is persuaded that Castro will now be tempted to turn his attention to the Caribbean, emerging from Angola as a successful fighter against white imperialism and with extraordinary credentials as the savior of the blacks everywhere. There are, the President points out, no lack of troubled waters in the Caribbean for his fishing—from Belize in the west all the way to Guyana on Venezuela's border. Colombia itself has its own festering race problem on the coast and on its several Caribbean Island possessions. But as Lopez wisely points out, it is impossible to talk about this dimension in public, for to do so will only make matters worse.

In private, though, he is prepared to admit that he is as concerned now about Cuba as President Perez of Venezuela is, but that he sees the danger as a new Cuban strategy to exploit the racial dimension in the troubled geopolitics of the region. He thinks Castro will just not

go to his grave before he has tried for some role in the world beyond Cuba, and Lopez does not see that Castro role as a constructive or peaceful one.

This is what gives point to his concern about our position in the world, and our capacity, given Congressional division and electoral preoccupation, to manage our own power effectively this year. I stressed to him my conviction that you were a strong President, more able and more conscious of this problem than any other contender, that you would win, and that the United States would regain much of its domestic equilibrium and self-confidence after the November election.

275. Telegram 2298 From the Embassy in Bogotá to the Department of State¹

March 3, 1976, 1641Z.

2298. Department for ARA Deputy Asst Sec Luers and S/NM Vance DEA for EOIL Caracas for DEA. Subject: Perceptual Factors in US-GOC Narcotics Cooperation. Ref: State 40131.

1. The potential for mutual misunderstanding on narcotics aid to Colombia, and even for a dispute between our two governments, increases to the extent we fail to understand or take into account the differences which exist between us in perception and conditioning. (Our separate reply to reftel expresses some of our concerns in this regard.) This cable therefore recapitulates in some detail the GOC perception and reasons therefore in the hope that it will be helpful as we all come to grips with the issue.

2. The GOC position and logic has several separate strands. First, it is important to remember that the top echelon, starting with the President, do not rpt not consider narcotics a Colombian problem with which the US has offered to help. Rather they view it as the reverse. It is important to remember what President Lopez said prior to his state visit (75 Bogota 8826). That is the way he really feels. He frequently

¹ Summary: The Embassy commented on the different perceptions of U.S and Colombian officials with regard to anti-narcotics efforts and warned there was potential for misunderstanding.

Source: National Archives, RG 59, Central Foreign Policy File, D760081-0266. Confidential; Priority. Repeated to Caracas and DEA. Telegram 40131 to Bogotá is Document 273. In telegram 2314 from Bogotá, March 3, Vaky requested clarification of some of the proposals of telegram 40131. (Ibid., D760081-0297)

compares the international narcotics situation to the 18th century opium wars, as he did in that statement. He does not say this to avoid action or cooperation or just to needle us, but in order to make clear what he believes is the true perspective, i.e. that, while this is an international problem, the nation with the most at stake both as victim and cause—and therefore with perhaps the greatest obligation for action—is the United States.

3. The GOC recognizes the impact of the drug traffic on Colombia, is worried about it and sincerely wants to eliminate it. It accepts our formulation that the problem is serious [and] difficult and requires major action. One cannot fault the President and his Ministers on their sincerity and readiness to take action. The GOC believes that the traffickers are well-financed, well organized and sophisticated and are therefore formidable foes. It does not believe that it alone has the resources to match the traffickers. Therefore it feels that if an interdiction effort is to be successful in Colombia we must help.

4. President Lopez believes that President Ford and the Secretary promised that the US would support a major Colombian interdiction effort. He understood that the 1.3 million dollars mentioned as already earmarked this year, was an example, not a limit. He understood that aid would be substantial but realistic in terms of what is possible and needed. The President and the GOC believe that elimination of Colombia as the main trafficking center for cocaine is also a USG wish and objective.

5. At this point I refer to the statement at the end of para 4 of reftel that “we do not wish in anyway to encourage unrealistic GOC expectations which, if not met, would lead to a diminution of the Colombian effort”. Leaving aside the adjective “unrealistic” for a moment—we should not delude ourselves that the GOC has not been encouraged. We have long since passed that point. The Colombians have indeed felt encouraged to believe we would extend substantial support if they would undertake a major effort. This occurred in the conversations in Washington; it continued during the discussions with CoDels Javits and Wolff. And if there is still any doubt one has only to read the last paragraph of President Ford’s February 23 statement (State 45483). Those adjectives are unqualified.

6. The thread therefore runs something like this: The GOC believes the trafficking problem is serious and huge, that it cannot fight it by itself, that the US has promised aid—and indeed has both an interest and an obligation to do so—and has in effect invited a mutual major effort.

7. At this point, the GOC’s logic is simple, perhaps simplistic. It believes that if you set an objective you do so intending to devote the necessary resources to it. As far as the GOC is concerned, if it is going

to take action in this field it wants to sharply reduce the trafficking problem, not just contain or hold it. Therefore what it set about was a major, massive national effort. (It uses the phraseology—as the Foreign Minister did—that the problem requires us to “wage war” on the traffickers; this military imagery may disturb parts of our bureaucracy but it faithfully reflects the commitment and seriousness with which the GOC views the issue.)

8. The proposed plan involving MOD “generalship” of the narcotics effort is a typical, and in some ways the only possible, implementation of these concepts. If an all-out effort is to be waged, the GOC reasons, it must be nation-wide with all resources mobilized. This means—as it meant during the *violencia*, during the counter-insurgency, and during the current kidnapping wave—that the military must be brought in. The necessary coordination cannot effectively be provided, in the President’s view, except by the MOD which stands above and outside of the individual services now acting.

9. In short, what has happened is that the GOC has responded to our professed concerns, taking our words at face value to mean that we are serious about wanting to end the cocaine problem. They are in sum calling our bet—asking US to put our money where our mouth is. They are, in effect, testing whether we really mean what we say, i.e. are we prepared to pay the cost of an “all-out effort” as President Ford said, or whether we are in effect saying we will help if it does not cost too much.

10. What then are realistic and unrealistic expectations? The GOC has without question probed to see how much equipment it can get; what did it have to lose? I doubt very much if any Colombian official really supposed that anything like \$50 million would be forthcoming. But this kind of opening gambit should not be taken to mean that the GOC is not serious or sincere about wanting to combat the problem massively and nationally. While \$50 million was the blue sky optimum, nevertheless they do believe that a necessary effort—if we are serious—is in the 10–15 million range (the Foreign Minister’s private estimate to me; I did not comment).

11. We are faced with the real possibility of two distasteful outcomes—on the one hand, the missing of an opportunity to mount an effective combined effort because we are unable to put up the supporting resources to the degree required, and, on the other, a scenario in which each government charges the other with bad faith and responsibility for failing to mount an effective effort.

12. The danger depends in large part on how our two sets of perceptions and conceptions—each equally egocentric and determined by respective domestic environments—accommodate to each other. Our bureaucracy is, explicably, sensitive to congressional considera-

tions (many of which are contradictory) and so we are, explicably, hypersensitive to budget levels, military involvement and how surely we can guarantee what will happen. We seem to have been taken aback by the alacrity and magnitude of Colombia's response to our general urgings, and now do not know how to fit it all in. The question is to what degree we remain totally obsessed with our bureaucratic requirements and try to universalize them as the "real" environment within which we must work. We have to grapple with these practical matters, of course, but let us understand clearly that to the degree we cannot accommodate or mutually adjust to each government's needs and perceptions and to the intrinsic reality of the situation itself, we risk a serious problem indeed.

13. One final comment: reftel states that ". . . we are confident Embassy has not implied any commitment on specific aspects of GOC request . . . etc." My experience is that that kind of phrasing usually reflects some unspoken suspicion or fear that the exact opposite did in fact occur. If Washington has any such fear or suspicion, please rest easily. Neither I nor any member of my staff has implied any commitment nor have we led the Colombians on. I do remind you, however, that our willingness to provide helicopters was specifically expressed in the Presidential conversations in Washington last September.

Vaky

276. Telegram 58331 From the Department of State to the Embassy in Colombia¹

Washington, March 10, 1976.

58331. Subject: Narcotics Assistance. Ref: Bogota 2314 and 2298.

1. We are in substantial agreement with views expressed reftels. Colombia continues to be of major importance in our international anti-narcotics effort and holds the key to our hopes of substantially reducing amount of cocaine reaching U.S. We are pleased with the strong commitment of President Lopez to deal with the problem and are fully committed to being responsive. As you know his decision to place responsibility for directing and coordinating the anti-narcotics effort in the hands of the MOD and give the military a key role has raised a number of concerns here. Nevertheless, we recognize this (1) is a Colombian decision, (2) given the structure of the Colombian government, makes sense, and (3) is probably essential to conduct the concerted major effort needed to achieve the results we seek.

2. Thus we are anxious to move ahead in preparing a program in which we would do our part. We have already included 8-10 million dollars for a Colombian program in our preliminary planning through FY 1977, but wish emphasize that in the end the program might be larger or smaller, as required by GOC plan of attack and degree to which our participation required. We are committed to doing our share in a major cooperative effort, and it is on this basis that we would like to see talks go forward with the Colombians. Assuming these talks would lead to a solid program we would expect no serious problem in presenting it to Congress.

3. The team we propose to send would bring together those from Washington who know what we need to draft a program which meets requirements here and those from mission who know the details of the problem in Colombia. We would hope that their discussions could

¹ Summary: The Department welcomed López's strong commitment to anti-narcotics measures and accepted his decision to make the Colombian Ministry of Defense responsible for directing and coordinating the anti-narcotics effort. The Department informed the Embassy that it would send down intelligence specialists to aid in the effort to stem the flow of illegal drugs to the United States.

Source: National Archives, RG 59, Central Foreign Policy File, [no film number]. Confidential; Immediate. In telegram 90271 to Bogotá, April 14, the Department informed the Embassy that \$9 million of anti-narcotics assistance to Colombia was allocated through FY 1977. (Ibid.) In telegram 4306 from Bogotá, April 30, the Embassy reported that Vaky had briefed the Colombian Foreign Minister on the narcotics control assistance package described in telegram 90271 to Bogotá. (Ibid., D760165-0853) Telegram 2314 from Bogotá is referenced in the sourcenote to Document 275. Telegram 2298 from Bogotá is Document 275.

develop the outlines of a logical narcotics suppression plan which mission could then discuss with GOC. From basic plan (as distinguished from organization) to agreement on resource requirements would not be long process.

4. To provide the above team with best, most current possible information, DEA is prepared to send to Bogota two or three intelligence specialists to go over material collected during Operation Kitchen and interview those Americans at post who were involved. These persons would contact GOC officials only with prior mission approval. Initial study would be available three weeks after team reached Bogota, and will concentrate on cocaine trafficking methods and patterns. Team can depart Washington as soon as mission cables its approval.

5. In addition to work to be done by intelligence team, we hope other mission elements will be asked to cooperate fully in providing current data base for planners. For example, economic/commercial section should reactivate its investigation of ether imports, DAO could update October 75 DIA Military Intelligence Summary for Colombia (which reports that Colombia Air Force has 34 rpt 34 helicopters), etc.

6. Proposed Timing: To avoid further delays, intelligence team can depart Washington as soon as Embassy approves visit. We would suggest that planning team not wait for completion of study, but arrive Bogota about one week after intelligence team has set to work, using early arrival for discussions with mission officials, field visits and if mission concurs, preliminary talks with GOC officials. Kissinger unquote.

Ingersoll

277. Telegram 5516 From the Embassy in Colombia to the Department of State¹

June 4, 1976, 2251Z.

5516. Subj: Narcotics Assistance.

1. During my farewell call on the Foreign Minister, Lievano let his hair down on the narcotics program. He said that the Minister of Defense had become quite irritated (*Molestoso*) and felt that the discussions we had had with his staff on the narcotics program indicated a lack of confidence in the military. In addition, since the proposal we had made did not correspond in level or nature to their concept of what they felt they should and could do, the Minister of Defense has decided there was no point in getting involved in the narcotics field; the ministry will therefore not undertake the coordinated major interdiction efforts they had talked about.

2. I said to the Minister that I was very disturbed to hear that and especially that there was irritation. I believed that there was probably misunderstanding over what we were able and not able to do. I noted, for example, that levels offered were dictated by Congressional appropriation. Our proposal was designed to make optimum use of admittedly only very limited available funds. I also pointed out that we were required to comply with certain procedural and congressionally mandated restrictions as to use of equipment, and that ProAgs had to reflect this.

3. The Minister said he understood all of that and he was not implying any lack of good faith on our part. However, he said, the whole US approach did not appear to be consonant with the depth of the problem. The Minister then entered upon a calm and gentle lecture. For the future, he said, the US should bear in mind that the narcotics traffic problem is very deep and very big. If we felt it was as serious as we said it was, and if we felt the effects of the narcotics [garble] were as deleterious to our society as we said they were, then the only logical conclusion is massive action to combat it. The US cannot handle

¹ Summary: Vaky informed the Department that Lievano was disappointed with the level of U.S Government funding of anti-narcotics efforts, and perceived a U.S. lack of confidence in Colombia's military to lead the effort. Vaky requested that the Department continue to reserve previously earmarked anti-narcotics funds for Colombia.

Source: National Archives, RG 59, Central Foreign Policy File, D760217-0970. Confidential; Priority. Repeated to Caracas, USCINCO, and DEA. In telegram 146051 to Bogotá, June 14, the Department informed the Embassy it was concerned that the Colombians seemed to be backing away from López's declared intention to undertake a major anti-narcotics effort, and it instructed Vaky to inform the Colombian President of the Department's policy. (*Ibid.*, D760229-0184)

the problem with small, haggling (regateo) limitations and restrictions every step of the way, nor, he added, with relatively small amounts of funds. Colombia had felt that the problem was of such magnitude that a major and all-out “war” was necessary to cut the traffic. I told the Minister that we did believe that the problem was serious and required major efforts, but I did want to point out that the nature of the problem did not really require massive movements of men and equipment but good operational intelligence and quick responses to take advantage of that intelligence. Therefore, it should not be a question of large levels of funds or even equipment, but really of people and strategy. The Minister added that he could understand that. But while he agreed it was not a question of just levels of funds, part of the problem lay in what he continued to call “haggling” and restrictiveness in procedures.

4. I asked the Minister where, then, we should go from here and he suggested that we continue as we are and continue to cooperate with the F-2 and other agencies. Until there was further internal consideration of whether to have a central point of command/coordination, we should just continue the present pattern. I said we would do so and would probably even seek to expand cooperation with the F-2.

5. Comment: Operationally, I do not think the situation we have arrived at is catastrophic. We will still be able to work fruitfully with the agencies as we have been doing. Psychologically, however, I fear we have not fared very well. The perception at high levels, and certainly in the military, appears to be what we feared it might, viz., that we did not consider the matter serious enough to cut red tape, take chances, make special efforts and provide high levels of aid. To judge from the Minister’s repetitive use of the word “regatear” they see our insistence on the conditions we were instructed to [garble] out to them as nitpicking and haggling. The MOD’s irritation apparently reflects a) disappointment at the level of our response to their proposals and, I think more seriously and specifically, b) their reaction to our position on helicopters, i.e. that the helicopters would be flown and maintained by a private company under contract instead of being given to the FAC. (Although State 61912 gave us a fall-back position to permit FAC operation and maintenance “if the GOC is adamant”, we were never able to get that far; as soon as we laid out our suggestion, the military just froze up and walked away.) Not used to negotiating ProAgs, the military, with perhaps more pride than justification, assumed that we took their intentions in good faith and that we would give them the tools to do the job; our explanations as to requirements and procedures simply looked like small haggling to them and they apparently decided the levels of aid were not worth the trouble of negotiation (unless they have second thoughts later). There may not be much equity in that

perception, but that is the way they apparently saw it, and therefore that perception is a political fact.

6. My impression is that at high levels, and certainly at the two Ministers' level, they have concluded that since we are apparently not going to be in a position to backstop a large "war" on drugs, they too might just as well relegate the matter back to the nature of an on-going police operation and let the technicians work it out. I do not rpt not believe their goodwill, their concern or their intention to continue cooperation at the police level is adversely affected. But I doubt they will be very patient with any exhortations they may receive from any future visiting Congressman or official seeking to stimulate Colombia to greater efforts.

7. In my farewell call on the President I will, if it seems appropriate, discuss the matter further with him. In the meantime, I do believe we can expand cooperation effectively with the F-2 and we intend to begin to concentrate our efforts there and with the judicial police. We should be able to use much of the funds currently earmarked in various kinds of additional programs with the existing agencies.

8. Action requested: I ask that pending my talk with the President, the funds which had been earmarked, and which I understand from State 133234 would be available until August 31, continue to be reserved for Colombia to give us time to study additional activity with the national police.

Vaky

278. Briefing Memorandum From the Assistant Secretary of State for Inter-American Affairs (Shlaudeman) and the Special Assistant to the Secretary of State and Coordinator for International Narcotics Matters (Vance) to Secretary of State Kissinger¹

Washington, July 30, 1976.

Narcotics Program Assistance to Colombia

Today, our Chargé in Bogota reports that he has reached an agreement on arrangements which would finally permit our increased narcotics assistance program with Colombia to proceed (see Bogota 7617 at Tab 1). It would involve among other things the transfer of three helicopters, a reasonable number which the Colombians now find acceptable. We have directed the Chargé to press forward urgently and have briefed Ambassador Sanchez, who will treat completion of the program as top priority.

As we reported to you in our memorandum of June 11 (Tab 2), our planning for an enhanced narcotics program to Colombia, following the Ford-Lopez conversation of September 25, envisaged a total program in FY's 76 and 77 of almost \$9 million. We made it clear to the GOC that this was "starters" because the next fiscal year begins October 1 and, if an effective program could be developed which called for more equipment, including aircraft, we would sympathetically consider future needs, funded from still more FY 77 monies.

The Foreign Minister told the Chargé July 28 that President Lopez concurs in our now negotiating this agreement with the National Police. The Colombian Defense Minister, with whom the earlier negotiations were carried on, has finally said that his Ministry is not currently interested as the helicopters envisaged cannot be used for anti-guerrilla and other internal security operations. He has really aspired to another helicopter wing for his air force. The Chargé reports that he has confidence that he can now move rapidly to complete these negotiations with the Police as the Police envisage a program about like the one we had hoped to see develop.

¹ Summary: Shlaudeman and Vance reported that the Chargé in Bogotá had reached an agreement on increased narcotics assistance to the National Police.

Source: National Archives, RG 59, Central Foreign Policy File, P760132–0548. Secret. Sent through Habib. Drafted by Vance and Luers. Attached but not published are Tab 1, telegram 7617 from Bogotá, July 29, and Tab 2, a June 11 memorandum from Vance and Luers to Kissinger. In telegram 8176 from Bogotá, August 12, Sanchez reported on his conversations with Colombian officials regarding the operational details of the anti-narcotics plan. (Ibid., D760310–1037)

If we do not have this matter moving in the very early future, we will recommend to you appropriate action including the possibilities of a message from you to President Lopez and/or a Shlaudeman/Vance visit to Bogota.

279. Memorandum of Conversation¹

Mexico City, December 1, 1976.

PARTICIPANTS

U.S. Side

The Secretary

Mr. William Rogers, Under Secretary for Economic Affairs

Colombia Side

Foreign Minister Indalecio Lievano Aguirre

The Secretary met over lunch with Foreign Minister Lievano. Lievano stressed human rights and touched on Panama and economic relations as well.

Human Rights: This issue was at the top of Lievano's agenda. His suggestion was blunt: do not hang U.S. policy in the hemisphere around the human rights issue. To make human rights performance the test of our relationship with the nations of the Americas would chill our ties with a goodly number who happen not to share our own democratic preferences just now, would create no end of difficulties for the few other democracies, and would probably not do much for human rights.

Panama: On the Canal treaty, we have perhaps a year. As before, he urged that we consider Torrijos the one viable alternative. We should not think we would be better off negotiating with one of the old Panamanians. Duration is the nub. Why not look at two treaties, one on the Canal zone for a shorter term and one on defense, framed perhaps like our mutual defense treaties with other countries, for a considerably longer period. Panama would buy this, he said.

Economic Relations: Lievano restrains his enthusiasm for the G-77. Latin America is different from Africa and has different interests. It

¹ Summary: Kissinger and Lievano discussed human rights, Panama, and economic relations.

Source: National Archives, RG 59, Central Foreign Policy File, P820118-1945. Secret; Sensitive; Nodis.

would be far better if the North-South dialogue were regionalized. We have a special relationship within the hemisphere. Use it. He would like to see a program of major U.S. concessions in the trade area, though he chided us that we had best recognize from the outset that if we are to do anything significant we are going to have to disappoint our trade union interests. We should nevertheless try to move in a major way in a dozen or so industrial areas and unveil a regional plan at the OAS Special General Assembly.

280. Telegram 12007 From the Embassy in Colombia to the Department of State¹

Bogota, December 1, 1976, 2152Z.

12007. Subject: Future of Military Groups. Ref: (A) State 292128; (B) Bogota 10303; (C) Bogota 4988.

1. As indicated reftel B, highest levels of Colombian defense establishment have expressed strongest preference for continuation of Mil-Group in Colombia of structure and size essentially comparable to that they now have. We use “that they now have” advisedly; they consider that MilGroup is in fact “theirs”, treating and using it as a co-located and integral part of their own general staff. In their perception of the problem, then, the USG is talking about sharply reducing or eliminating what they view as a key element of their general staff, all without the consultation and mutual accord called for in our bilateral military mission agreement of April 1975. All indications we have received from the Colombians are that they are quite apprehensive about the implica-

¹ Summary: The Embassy indicated that sharply reducing or eliminating the Military Group in Colombia would damage the U.S. Government’s relations with the Colombian military.

Source: National Archives, RG 59, Central Foreign Policy File, D760445–0898. Confidential; Immediate. Repeated to Caracas, the Secretary of Defense, the JCS, and USCINCSO. In telegram 4988 from Bogotá, May 20, the Embassy reported on why U.S. military assistance to Colombia, and military groups in particular, were important in maintaining close U.S. Government ties with Colombia’s military. (Ibid., D760159–1163) In telegram 10303 from Bogotá, October 7, the Embassy informed the Department that it thought an 18-member U.S. military group in Colombia was necessary for effective management of military assistance over the next few years. (Ibid., D760379–0303) On December 1, the Department asked the Embassies in 11 Latin American nations to comment on the desirability of retaining military groups in their respective host countries. (Telegram 292128 to Lima, Bogotá, Caracas, Tegucigalpa, Managua, San Salvador, Guatemala, Santo Domingo, Mexico, Santiago, and Quito, December 1; *ibid.*, D760444–0539)

tions for them of AECA, and do not repeat not want any sudden radical changes.

2. For these reasons, and to ensure the availability of enough U.S. military personnel to provide sound management of the projected security assistance program for Colombia, particularly considering the recent renewal of FMS credit for Colombia after a three-year lapse, the basic position of post remains as expressed in refTel B; i.e., a MilGroup staffing level of eighteen for the next couple of years; and an assumed phased reduction to lower levels thereafter.

3. A more accelerated reduction of the MilGroup in Colombia necessarily remains subject to a number of caveats, some dependent on unilateral action and others on bilateral and multilateral considerations. RefTel A is not explicit on what tasks and responsibilities are envisioned for a retained "Military Group," and it is thus difficult to determine meaning of "efficient operations" against which we are to assess minimum personnel needs. RefTel C did advance posts's alternative proposal for administering military assistance in the field. A review of that proposal and its caveats should be useful, particularly since some steps in the direction of that alternative have already been taken, as a function of the establishment of Offices of Defense Cooperation (ODC) elsewhere.

4. We suggested doing away with the traditional MilGroup of MAAG organization, with particular reference to its internal administrative responsibilities as a full-fledged independent military unit. The ODC concept, with the IDC as an integral part of the Embassy rather than as a separate military command, appears to lend itself to our idea. We then advised that we felt that, if fully supported administratively by the Embassy, a liaison element of a minimum of eight relatively senior officers, two to work with each host military service and two to work with the Defense Ministry and joint staff, could probably accomplish specified tasks and constitute a continued U.S. military presence that could be both effective and palatable to the Colombian military.

5. However, as stated in ref C, this concept would only work under the following five conditions:

A. That it be uniformly applied in Latin America to avoid the interpretation that some countries may be receiving second class treatment.

B. Fast, effective U.S. backstopping; e.g. MTT's, ETS.

C. Top quality, sensitive, language qualified personnel.

D. Elimination of the current flood of administrative requirements with which MilGroups are taxed.

E. Full prompt consultation with the Colombians, with all possible accommodation to their views on any significant changes, the consulta-

tion having enhanced prospects if presented in the context of a conceptual change. Particularly in a parallel regional framework, as opposed to simply seeking their acquiescence in a further shrinking of personnel resources.

G. Finally, that if these conditions cannot be met, the concept would not work, and that we may as well stay with the traditional MilGroup pattern, streamlined where possible.

6. We feel that our earlier perceptions, as amplified in reftel C, remain valid. However, the limited information in our possession indicates that our caveats remain, to a considerable extent, to be addressed. Paragraph one of reftel A speaks of retaining “Military Group” designations because of their unique character and representation responsibilities, apparently in place of the ODC designation and an unknown portion of the ODC concepts previously announced. In this connection, the term “Military Group” has no special cachet in Colombia, where it is in only unilateral U.S. usage. As noted reftel C, another term would be equally acceptable to Colombia.) Indicators so far are that uniformity in application in the region is of less concern in current Washington thinking than are differences; for example, the potential for “more generous” treatment of nations as disparate as Brazil and Bolivia, neither of which incidentally enjoys Colombia’s (and Venezuela’s) unique distinction in South America as functioning democracies.

7. In summary, it may be practical and perhaps desirable, to have a smaller Security Assistance Organization in Colombia, eventually, based on the information we have now. However, it is unclear how we can get there as soon as October 1, 1977, except as a forced and unilateral action ignoring what we know of strong Colombian preferences and sensitivities. We therefore reiterate our view that the present MilGroup structure and a manning level of eighteen for the next couple of years, declining thereafter, makes most sense to U.S. here. We would welcome, however, a somewhat fuller explanation of Washington thinking and planning, especially with regard to projected missions and tasks.

Sanchez

Peru

281. Memorandum From William J. Jorden of the National Security Council Staff to the President's Deputy Assistant for National Security Affairs (Scowcroft)¹

Washington, February 8, 1973.

SUBJECT

Investment Dispute with Peru

This is a particularly sensitive matter and is forwarded for your information only.

You may be aware that we have had a long-standing dispute with Peru centering on nationalization of the International Petroleum Company (Standard Oil of New Jersey) properties in 1968. It is the single, most sensitive issue between us. IPC had a bad record, indeed, in Peru and nationalist sentiment is such that *no* Peruvian government can survive if it agrees to make payment for the properties. We have argued that some repayment should be made, however modest, as a matter of principle.

We have tried for years to find some way out of this impasse to no avail. The last effort, through third parties, was blown out of the water by premature press disclosure.

At NSC-CIEP sessions last November it was agreed to make one more try. Peter Flanigan was given responsibility for the effort. He now believes that he has developed an approach that at least has some promise. It amounts to getting Peru to pay the U.S. for *all* claims. We would then distribute the payment to all U.S. companies owed by Peru—including IPC. Peru would, of course, insist that she was making no payment to IPC.

I have studied the suggested approach and conclude it is worth a try. It is going to be a hard row to hoe and I remain skeptical about

¹ Summary: Jorden informed Scowcroft of the state of play involving the IPC investment dispute.

Source: National Archives, Nixon Presidential Materials, NSC Files, Country Files, Box 793, Latin America, Peru, Vol. 3, January 1972–December 31, 1973. Secret; Sensitive; Eyes Only. Outside the System. Sent for action. Attached but not published were undated draft letters from Flanigan to the President and from the President to Velasco. Although there is no indication that Scowcroft informed Hinton of NSC approval, Nixon decided in late February to send Greene as an intermediary to Peru. (Paper prepared by the Department of State, April 21; *ibid.* RG 59, National Security Study Memoranda, 1969–1977: Lot 80D212, NSSM 158)

Peru's acceptance. But Peru is too important to us—in the future especially—to fail to try every possible route to a solution.

The proposal is outlined in the attached draft memo from Flanigan to the President. Also attached is a draft letter from the President to President Velasco of Peru which designates James Greene (of Hanover Trust) as the authorized intermediary to deal with this problem.

I have studied this and agree it is the only sensible approach available at the moment. I have cleared it—but with the clear understanding that I was informing you immediately.

If you agree with this, you could have someone on your staff inform Dean Hinton in Flanigan's shop that you approve for the NSC. Or, you can wait until Flanigan submits it to the President—in which case I assume it will come to you for clearance—and then act. In any case, I felt you should know the state of play and be aware that I have read this carefully and approve.

Recommendation:

That you have Dean Hinton informed that this is approved for NSC.

282. Memorandum From the Acting Assistant Secretary of Defense for International Security Affairs (Eagleburger) to Secretary of Defense Richardson¹

Washington, March 19, 1973.

SUBJECT

Peru

The purpose of this memorandum is to review broad USG policy toward Peru, to request your affirmation of OSD policy positions—particularly with regard to the response to NSSM 158 (*Review of US Policy Toward Peru*)—and to inform you of proposed DOD initiatives.

In 1968, the Peruvian military took control of their government after a dispute with the elected President over, among other things, the terms of settlement of an expropriation action against International Petroleum Company (IPC), a subsidiary of Standard Oil Company of New Jersey. Since that time the Government of Peru (GOP) has implemented policies that have as an objective the achievement of a measure of independence from previously established ties to the US. The GOP began to formulate foreign policies on the basis of universality; its economic policies stressed state control of internal centers of economic power and the diversification of the country's external trade patterns. The GOP has continued to express its sense of affinity to the US; but inevitably the trend of its nationalistic policies has created conflicts with domestic political content for both countries. The two most significant disputes at this moment concern IPC and the seizure of US fishing boats. This latter dispute is having a serious impact on US security interests. (Tab A)

¹ Summary: Eagleburger informed Richardson of the broad outlines of the U.S. Government's policy towards Peru. He requested approval for presidential waivers of congressionally-mandated withholding of FMS for Peru and an SRG meeting if the waivers were denied.

Source: Washington National Records Center, OSD Files: FRC 330-78 0001, Peru 1973. Secret. Richardson approved the actions on March 20. NSSM 158 is published in *Foreign Relations, 1969-1976*, vol. E-10, Documents on American Republics, 1969-1972, as Document 637. National Security Decision Memorandum 11 and 19 are *ibid.*, Documents 593 and 607, respectively. Attached but not published at Tab A is a February 23 telegram from Belcher to the Secretary of State; at Tab B is Belcher's undated overview to the FY 1974-75 CASP for Peru; at Tab C is a March 8 Memorandum for the Record from LeBailly; at Tab D is a February 20 telegram from Belcher to the Secretary of State; and at Tab E is a undated draft letter to Crimmins from Eagleburger. On April 14, Eagleburger informed Richardson that he had sent the letter to Crimmins on March 22, and that a request for a Presidential Determination issuing the waiver to the Pelly Amendment was being processed at the Department. (*Ibid.*) No SRG meeting on Peru was held.

The Fisheries Dispute. Large-scale fishing by US commercial interests occurs annually off the coasts of Peru and Ecuador from November through March. These countries claim sovereignty out to 200 miles from their coastlines and have intermittently been seizing US fishing boats in that area. The frustration over this lengthy dispute has produced a body of US legislation imposing sanctions against countries seizing these boats. Such provisions are found in the Fishermen's Protective Act (FPA); the Naval Loan Extension Act (unclear); and the Foreign Military Sales Act (Pelly Amendment). In addition, the Foreign Assistance Act requires boat seizures be considered in decisions concerning resistance.

As you know, the Pelly Amendment to the Foreign Military Sales (FMS) Act of 1968 requires the suspension of FMS to a country which seizes or fines an American-owned fishing boat for engaging in fishing more than 12 miles off that country's coastline. In 1969, the US Military Group was expelled from Peru following public disclosure of the suspension of FMS to that country. A small seven-man Military Assistance Advisory Group (MAAG) remained and is still functioning. In 1971, Peru began to exercise considerable restraint and did not interfere with US tuna boats throughout the 1971–72 fishing season.

In 1972, the US Congress passed a strengthening amendment to the Fishermen's Protective Act (FPA)—a law that provides for (1) the USG to reimburse fishing boat owners for fines levied in connection with fishing activities in international waters and (2) withholding an amount equal to that of the fines from *foreign assistance funds* (including MAP funds) programmed for the offending country if that country fails to reimburse the USG in the amount of the fines. This latter provision has never been applied to assistance funds for Peru. Although the 1972 amendment did not change the basic provisions of the FPA, it strengthened the clauses relating to collection of claims against foreign countries and to deductions from foreign assistance funds. The provisions of the amendment have not been implemented as yet because Congress has failed to provide certain start-up funds. Nevertheless, the FPA is correctly interpreted by Peru as potentially punitive, and the passage of the recent amendment was given wide publicity in that country evoking anti-US demonstrations. In an apparent change of policy after 20 months of restraint, Peru seized a US boat on 12 December 1972 and, in return, the US immediately suspended FMS without stating so publicly. Since the beginning of January 1973, Peru has gone on to capture 23 additional boats and levied fines of \$742,860. The USG has been unsuccessful in efforts to achieve a temporary fishing agreement for an interim period pending negotiation of the broader matter of off-shore sovereignty to be addressed by the forthcoming Law of the Sea Conference.

The fallacy of the Pelly Amendment is that it posits the availability of FMS from the US as adequate leverage to preclude a foreign country's engaging in seizure of US fishing boats. Clearly, this assumption has been demonstrated to be false. Yet the legislation has made US security interests in Peru and in the hemisphere hostage to an economic-political issue.

The IPC Case. One of the first acts of the Peruvian military upon assuming control of the government in 1968 was to nationalize IPC without providing compensation. In response to this expropriation and to bring the Peruvian government to a reasonable negotiating position, NSDMs 11 and 21 of 1969 approved a strategy to:

—Maximize non-overt economic pressures on Peru to induce agreement on a satisfactory settlement.

Defer applying the Hickenlooper Amendment (cutoff of foreign assistance in response to expropriation) as long as a plausible basis could be found.

—Explore all possibilities for a settlement.

Although assets of other US firms have been expropriated, the Peruvian government has emphasized a general policy of paying compensation. However, in the case of IPC, the GOP maintains an uncompromising position while publicly portraying the matter as one of national honor. The settlement of this issue is generally considered to be central to normalization of US-Peruvian relations. (Tab B)

NSSM 158. It was under the above conditions that NSSM 158, *Review of US Policy Toward Peru*, was addressed by the Senior Review Group (SRG) in November 1972. The central issue was to determine the optimum strategy which would serve the full range of US interests in Peru in the context of our global and hemispheric policies and interests. The Treasury Department and Overseas Private Investment Corporation dissented from that focus by stating that the central issue concerned the effect of any change in policy in the IPC case on our worldwide expropriation policy. Three courses of action were considered:

- Option 1.* Continue the current policy of non-overt economic pressure with variations in pressures keyed to the IPC case.
- Option 2.* Move to a tougher policy by applying all or some of the relevant legislative restraints.
- Option 3.* Conclude that the IPC case is not going to be settled in the short run and relax the sanctions in order to reduce the damage to other interests, while keeping future options open.

Defense supported Option 3 as best designed to protect US security interests; State initially supported Option 3, but was willing to accept a variant of Option 1; and Treasury took a strong position in favor of

delaying a final decision pending exploration of what was characterized as hopeful indications for a settlement of the IPC case. The members agreed to delay consideration for a 90-day exploratory period. If by the end of February 1973 development of an approach for initiating talks with the Peruvians did not prove feasible, the SRG was to reconsider the options. To date, the SRG has not been reconvened.

A subissue concerning our military relations with Peru was not addressed. At the time of the SRG meeting, the Peruvians had refrained for a lengthy period from any action against US tuna boats which would bring on sanctions. Hence, US-Peruvian military relations were considered to be improving, resumption of FMS credits for Peru was under study, and the USG was taking action on several Peruvian requests for commercial purchase of military items. It was shortly thereafter, December 1972, that the Peruvian Navy began again to seize US boats.

US Security Interests. As you know, during World War II a unified concept of security interests arose among the individual countries in the western hemisphere. This mutual security relationship was formalized in 1947 by the Inter-American Treaty of Reciprocal Assistance—subsequently ratified by the US and Peru along with 19 other Latin American states. The agreement has been strengthened by resolutions of the Foreign Ministers of the Organization of American States in 1948, 1951, and 1962. In this regard, US security interests related to Peru include:

- Maintenance of a stable, friendly government.
- Prevention of hostile alignments or installation of hostile forces, bases, or matériel.
- Continuance of US-Peruvian military cooperation.
- Continued success, with Peruvian participation, of the Inter-American security system.
- Achievement of support for security aspects of US Law of the Sea position, i.e., narrow territorial sea (no greater than 12 miles) coupled with free transit through and over international straits.

These security interests and the important professional relationship which our military has arduously developed with the Peruvian armed forces over a number of years are now under severe strain. Application of the Pelly Amendment in reaction to these recent seizures is jeopardizing sales of US manufactured military equipment, to include A–37B and F–5 aircraft, in excess of \$85 million. (Tab C) An indication of the scope of Peruvian interest in obtaining US military equipment was their request for price and availability data totalling almost \$300 million submitted in 1972. Should legislative sanctions cause the US to be unable to respond to at least a portion of the Peruvian needs for modernizing their armed forces equipment inventories, the Peruvians will of necessity come to accept as fact the unreliability of the US as a source

of equipment. In addition to other third countries, the Soviets have made continued overtures toward Peru for the sale of military equipment, including MiG-21 aircraft, with attractive terms. Reports indicate that the Soviets recently convinced the GOP to purchase Mi-8 helicopters for use in oil exploration rather than US-built Bell helicopters. Should Peru purchase MiGs, the Chilean Air Force would likely be forced to accede to Soviet pressures and also accept these high performance aircraft. Major Soviet sales could be accompanied by Soviet or Soviet-sponsored advisors and technicians whose influence and presence could only be counter to US hemispheric security interests. (Tab D) A high level Soviet military mission visited Peru during this past week.

Inability to proceed with FMS since December 1972 has also delayed the proposed sale of US ships (including the destroyer *Isherwood*) presently on loan to Peru. A US decision to sell the loaned ships had been informally accepted by Peru just prior to FMS being placed under review. Continued Congressional antipathy toward the current ship loan program as well as the probability of a confrontation with Peru over return of the *Isherwood* could be avoided if FMS were resumed allowing Peru to purchase these ships.

In addition to the negative effect on US interests that application of the Pelly Amendment creates, I am concerned by our Country Team's assessment that, if the recent FPA Amendment is activated requiring deductions to be made from our military assistance training program, the small US MAAG of seven men will be asked to leave. The vacuum created by the loss of the MAAG's influence on Peru's military government and armed services could be filled by third country advisors pursuing interests which, in some cases, would be in conflict with or damaging to our own. Application of the FPA Amendment would not only greatly damage US-Peruvian relations, but would also assist in coalescing anti-US regional attitudes.

Considering the above, it appears that OSD policy should emphasize the importance of US security interests in this region without compromising USG efforts to resolve other conflicts. Implied therein is the requirement to separate matters pertaining to US security interests from other lower order disputes when actions to resolve those disputes imperil our security relationships. By waiving those legislative sanctions which reduce FMS and military assistance to functions of the fisheries dispute, the USG would signal its readiness to do so. It is recognized that in the US this policy may initially involve a domestic political cost for the administration.

With your approval, the following actions will be taken with regard to Peru:

1. I will sign the letter to State at Tab E requesting a Presidential waiver of the Pelly Amendment to the FMS Act.

2. Should the deduct provisions of the Fishermen's Protective Act be implemented, I will seek a determination that military assistance funds will not be used for this purpose.
3. Should either of these waivers not be forthcoming, I will request the SRG be reconvened to address the response to NSSM 158.

Lawrence Eagleburger
Acting Assistant Secretary

283. Memorandum From Secretary of Defense Richardson to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, April 18, 1973.

SUBJECT

Deteriorating US-Peruvian Relations

I have become increasingly concerned by the rapid deterioration in US relations with Peru over the past several months. This deterioration has been highlighted by our Ambassador to Peru in messages of 232214Z Feb 73 and 232225Z Mar 73. The immediate cause is the recent seizures of US fishing vessels. It appears that these seizures were stimulated by the October 1972 revision of the Fisherman's Protective Act and subsequent public reaction in Peru.

Since FMS to Peru have again been placed "under review" following the December 1972 seizure, both the US Country Team and the Peruvian Naval Attaché in Washington have expressed the extreme frustration and dilemma of the Peruvian Navy created by the review. The major ships of Peru's Navy are obsolete, and Peru is currently exploring means and sources for their replacement. The Peruvian Air

¹ Summary: Richardson recommended to Kissinger that a SRG be convened to review U.S. policy towards Peru.

Source: National Archives, Nixon Presidential Materials, NSC Files, Country Files, Box 793, Latin America, Peru, Vol. 3, January 1972–December 31, 1973. Secret. On April 18, Richardson sent a copy of the memorandum to Rogers. (Ibid., RG 59, Central Files, 1970–1973, POL PERU–US) Belcher's February 23 telegram is referred to in the source note to Document 282. On March 23, in telegram 1894 from Lima, Belcher informed the Department of Peru's "probable imminent decision" to purchase Soviet MIGs. (Ibid., RG 59, Central Foreign Policy File, [no film number]) NSDM 199, December 26, 1972, is Document 640 in *Foreign Relations, 1969–1976*, vol. E–10, Documents on American Republics, 1969–1972. No SRG meeting on Peru was held.

Force is also deeply affected because of its desire to modernize with A-37B and F-5E aircraft. The sale of these aircraft is contingent upon the ability of the US Government to sell seat ejection cartridges and mini-gun barrels. Both of these Services must look elsewhere if assured FMS are not soon forthcoming from the United States. The Soviets have made continued overtures toward Peru for the sale of military equipment with attractive credit terms and have recently demonstrated new equipment (including MiGs) to the Peruvian Joint Chiefs of Staff equivalent, both in the Soviet Union and in Cuba. Should Peru purchase MIGs, the Chilean Air Force may accede to Soviet pressure and also accept these aircraft. Intelligence reports indicate that Peru is also considering the acquisition of Soviet T-54 tanks.

Parallel to the problems caused by the seizure of US fishing boats, is the equally frustrating matter of the 1968 Peruvian expropriation, without compensation, of the International Petroleum Company (IPC). Following the most recent review of US policy toward Peru (National Security Study Memorandum 158), National Security Decision Memorandum (NSDM) 199, dated 26 December 1972, stated that the Senior Review Group (SRG) would reconsider the situation if, by the end of February 1973, the initiation of talks with the Peruvians in the IPC case had not proven feasible.

The US Ambassador to Peru has identified a number of expected or possible actions and reactions which could further raise the intensity of bilateral conflicts within the next few months and has suggested that we should not go further into this difficult period without some plan for management.

In my view, the inability to make progress in resolving the IPC dispute, combined with the deteriorating situation brought about by the fisheries problem, makes it urgent that US policy toward Peru be reviewed. I therefore recommend an early meeting of the SRG for this purpose.

E.L.R.

284. Transcript of Telephone Conversation¹

Washington, April 24, 1973, 1 p.m.

S: Your comments on the Watergate and so on were marvelous.

K: Aren't you nice.

S: It's a great talk that we need more of, so good work.

K: Well, I appreciate your saying that.

[Omitted here is discussion not related to Peruvian affairs.]

S: I had a different problem I wanted to check with you on. Are you familiar with the question of a vote of a loan to Peru.

K: No.

S: That is coming up.

K: Yeah I was with it once, now I've forgotten it again.

S: Well you know, we have our expropriation policy. There are various laws and what not that surround it, but the operative thing is the President's policy that we don't approve loans through international financial institutions where a country has expropriated without making compensations for where negotiations are not probably under way. We have this long standing dispute with Peru over their international petroleum corporations—

K: That I know.

S: And more recently they have sold the property that was expropriated and since there were presumably negotiations about that, that seems like a pretty hard line action on their part. Now we had put together a mission that is a secret mission undertaken by a man named Greene to see if we couldn't sort of wrap all of the different parts of our Peru problem in one piece and negotiate it out and be done with it. He seemed to be making some progress and then the last go the President got sick and sort of postponed it and whether it is on the

¹ Summary: Kissinger and Shultz discussed how the United States should vote on an Inter-American Development Bank loan to Peru.

Source: National Archives, Nixon Presidential Materials, Kissinger Telephone Conversation Transcripts (Telcons), Box 19, Chronological File, April 24–25, 1973. No classification marking. In a telephone conversation that took place at 4:30 p.m. on April 24, Shultz informed Kissinger that the President of the IDB, Antonio Ortiz Mena, had told him that "abstention would be appropriate," in his view, "because the Peruvians would regard this as a gesture of good faith on our part"; Kissinger and Shultz agreed that the United States should abstain. (Ibid.) In telegram 77610 to Lima, April 25, the Department instructed the Embassy to inform the Peruvian Government that the abstention was intended to express deep concern over U.S.-Peruvian investment disputes while also showing "good faith as a step towards successful conclusion of the Greene mission." (National Archives, Nixon Presidential Materials, NSC Files, Country Files, Box 793, Latin America, Peru, Vol. 3, January 1972–December 31, 1973)

track or not is hard to say. There's apparently lots of maneuvering in Peru about who would succeed if [it] does and he had the typical various elements of radicals, moderates, and so on. Now we have a loan coming up in the Inter-American Development Bank tomorrow. It's possible to postpone the decision for a few days in which there is a difference of view about how we should vote. With the State Dept and the Defense Dept taking the position that we could vote yes for the loan on the grounds that there is this Greene mission and that there is at least some expectation he'll be invited back. And that is a show of good faith and we have to be careful that we don't undermine our foreign policy and defense policy with Peru. The NSC had a meeting this morning as well as Flanigan, has the view that we should abstain. Our vote is not going to control this issue, they are going to get the loan anyway, but we should abstain and talk about how we don't like the expropriation. But at any rate this would be a last hard approach and we could see then whether or not they continue on in good faith. The Treasury Dept's view has been that we have our hard line policy on expropriation that clearly they are in violation of it and we should stick to our hard lines. The State Dept and Defense Dept arguing that well if you do that you only encourage the radicals and they will explode over that. And we arguing maybe it would work just the other way around. You have to be willing to stand up to these things in order to make an impact. I call you because under the rules of how this is administered, one of the Departments such as State or Defense have a right to insist that the matter goes to the President, and it can't be decided by the Secretary of the Treasury under those circumstances. I have the authority to instruct our vote. They would go along with an abstention approach such as the NSC, I think a Mr. Jordan was I'm told there, I don't know him, but he was your representative.

K: Yeah.

S: Really it involves from a straight economic commercial standpoint it seems to me clear that we could vote no. The arguments that may have to do with things assessing our foreign policy objectives, our defense policy objectives and whatever anybody knows about the internal politics of Peru, and how—

K: When do you have to know. Let me think about it.

S: Well I ought to know, we have to do something about it today and I'm looking to you as the proxy president more or less. I don't really see how we can get to the President so he can decide it.

K: Well, we can certainly not vote for it. I mean that's out of the question. The only choice is between abstaining and voting against it.

S: That's my view.

K: What's your view on that.

S: Well my view is that we can vote against. We can undoubtedly get them to postpone the vote for three or four days which puts it right into the context of the IDB meeting that I'll be going to.

K: Let me see if I can get you an answer before the end of the day. I'm not going to take it to the President, but let me think about it.

S: All right, that would be good.

K: I don't tend to lean towards voting against. I tend to lean for a hard line. I think when you are in as much trouble as we are you might as well be tough.

S: Yeah, that's my instinct. But I don't know that much about the other aspects of Peru. Which is why I'm calling you. Now if we are going to go for a postponement we have to get _____ going on that this afternoon, so the sooner you can—

K: I'll call you before 3:00 I hope.

S: Thank you.

K: Bye.

285. Telegram 310 From the Consulate in the Netherlands Antilles to the Department of State¹

Curaçao, May 27, 1973, 1430Z.

310. Subject: Secvisit LA: Memorandum of Conversation—Secretary Rogers and Prime Minister Mercado of Peru. Secto 175.

1. Secretary Rogers met with Prime Minister Edgardo Mercado Jarrin, at the Minister's office on May 16 at 5:00 p.m. Participants

¹ Summary: Rogers and Mercado discussed Peru's maritime claims, fishing rights, and the lifting of a ban on Peruvian participation in the Foreign Military Sales program.

Source: National Archives, RG 59, Central Files, 1970–1973, ORG 7 S. Confidential; Immediate. Repeated for information to Lima. On May 14, Nixon signed Presidential Determination 73–13 waiving the Pelly Amendment allowing FMS of 24 A–37 aircraft. (Memorandum From Peet to Clements, June 3; Washington National Records Center, OSD Files: FRC 330–78 0001, Latin America 092.2–850, 1973) In telegram 3361 from Mexico, May 14, Rogers requested Belcher's and Crimmins's views as to whether he should inform the Peruvian Prime Minister in his upcoming May 16 meeting. (National Archives, RG 59, Central Files, 1970–1973, ORG 7 S.) In telegram 3101 from Lima, May 14, Belcher recommended Rogers inform de la Flor in their first May 16 meeting. (Ibid.) In telegram 91988 to Caracas and Lima, May 14, Crimmins suggested that Rogers should demur if the matter came up in the conversations in Peru. Instead, Crimmins recommended that after Rogers returned to Washington he could then inform the Peruvians that the waiver had been issued as a result of the conversations in Lima. (Ibid.)

were US side: Ambassador Taylor G. Belcher and Assistant Secretary-Designate Jack B. Kubisch; Peruvian side: Mr. Igor Velasquez of the Foreign Office.

2. After the customary exchange of pleasantries in which Mercado referred to the present meeting as an opportunity to continue the talks he had held previously with the Secretary when he was in Washington and New York as Foreign Minister, Mercado made a short presentation of the revolutionary government's philosophy. He said that the US should not think that the anti-American tone of some of the news reporting was an expression of his government's policy. The revolutionary process was one of freeing Peru from the shackles of the past when less than 10 percent. What the revolutionary government wanted was a more equitable sharing of Peru's wealth. In carrying out the measures required to assure this better distribution, US and other private interests naturally had been affected and this had led to investment and other disputes with the US.

3. The Prime Minister referred specifically to the 200-mile problem and went into some detail in expressing the well-known Peruvian position. In doing so, he reiterated his government's pledge that this claim of sovereignty was a limited one in that the Government of Peru did not contest the right of free passage and over-flights and jointly agreed to scientific surveys. Despite this fact, the US government had applied the Pelly Amendment to Peru and this adversely affected the security interests of his country. Mercado said that Peru needed to carry out a modernization program and they preferred to buy US equipment. He referred to the several lists which had been provided the Embassy and he handed the Secretary an abbreviated list of items which all three services wished to purchase. When Secretary Rogers asked what the priorities might be on this list, Mercado indicated that spares, aircraft and medium tanks were the most urgently needed items, in that order.

4. The Secretary said that he had had an opportunity during his meeting with President to discuss both the 200-mile problem and Foreign Military Sales. He said he would like to present in general terms his view of US attitude toward the revolutionary government. First, he wanted to assure the Prime Minister that we wanted the revolutionary government to succeed in achieving its program. Second, we wanted to assure the Prime Minister that we had no worries with regard to the basic ideology of the government. Third, he wanted to observe that military officers were practical men and he suggested that we talk in practical terms. Secretary Rogers observed that the US was the strongest nation in the world and that our position traditionally had been in support of a three-mile limit. And that we could enforce our will should we choose to. However, such was not our policy and

we had no intention of using force to enforce our views throughout the world. Different nations were making different claims with regard to territorial seas. Some were proposing 12, others 50. Canada, for instance, was claiming 100 miles for pollution control purposes. The US Government could not accept any of these positions pending the outcome of the Law of the Sea Conference. The Secretary also described the USG position with regard to the use of seabed resources beyond a specified territorial sea and our hope that this might be made subject to regulation and exploitation by an international regime. Until such time as there was an international agreement resulting from the LOS conference, the US would never approve a concession with regard to the many and differing individual claims for a more extensive territorial sea.

5. The Secretary suggested that we might deal with the fishery problem as a separate issue. In itself it was not a serious matter economically but the principle involved is vital to US interests. Therefore, what we should try for is an interim agreement pending the LOS conference decision. He suggested that we were fortunate in that we had probably six months during which there would be no fishing for tuna in this area, so we ought to be able to discuss the matter without the embarrassment of further seizures and during the period hopefully we could reach an agreement which would not compromise either country's juridical position. The Secretary said that he understood that any such interim agreement would have to be acceptable to Ecuador because of the Santiago agreement but that there were various suggestions which could be considered in informal talks and that perhaps with the help of Peru, Ecuador could be brought along.

6. Mercado commented that at our request, when he was Foreign Minister, he had arranged for the GOP to hold off on seizures for over a year in order to give us a chance to come up with some proposals for an interim agreement but that we apparently had been unable to reach agreement within the US Government and no proposals had been forthcoming. The cause of public reaction to the fact of the Ecuadorian seizures and the general knowledge that the tuna boats were in Peruvian waters. The GOP had been unable to continue its conciliatory policy during the last fishing season. As a result, we had again applied the coercive Pelly Amendment, thereby depriving Peru even of spare parts required for pilot safety. What the Prime Minister wanted to know was whether or not we were prepared to act favorably on their requests for arms. If the answer was no, then obviously they would have to look elsewhere.

7. Secretary Rogers reminded General Mercado of the reasons for Congressional actions such as the Pelly Amendment. He said he could accept almost any solution to this problem which did not involve

conceding on the question of sovereignty. He asked whether Peru in using force against our fishing boats was attempting to force the US Government to accept Peru's position. He reminded the Minister that we were not asking Peru to give up its juridical position. We wanted to await a general decision as a result of the forthcoming LOS conference. All we were proposing now was a *modus operandi* for the forthcoming fishing season in the belief that the basic problem would be solved at the LOS conference.

8. Mercado said that the informal talks might be restarted through the Foreign Ministry on a very confidential basis, with the talks taking place outside Peru, perhaps in connection with jointly attending international conferences. If these were successful, then they could be formalized in a new quadripartite conference (Peru, Ecuador, Chile, and US) which would be of public knowledge.

9. Secretary Rogers then asked whether Peru would go to such informal, confidential talks in good faith and be prepared to take into account not only its own political problems but also those faced by the US Government in this connection with this issue. Mercado said he could not make such a commitment if the question of Peruvian Sovereignty was involved. Despite several attempts on the part of the Secretary to clarify exactly what it was he was proposing, Mercado seemed not to understand, making several references and in an almost belligerent tone to the fact that we had to appreciate the 200-mile question was a serious internal political problem for the government. Finally the Secretary said, "why can't you just say yes, we will try with good will to reach an agreement taking into account each other's political problems? Can you agree to that?" Mercado hesitated for a moment and then said yes. The Secretary then noted we had reached an agreement which would enable us to lift the ban on FMS for spares and A-37-B aircraft as soon as a date could be set for the first informal, confidential discussions to be held in Washington.

10. Having in mind the rumors of an impending take-over of the Cerro de Pasco Corporation, the Secretary asked Mercado point blank whether his government was planning any further moves which might cause him (the Secretary) any embarrassment in the near future. After a pause, Mercado said no, and then went on to mention the fact that there could be a problem in the future over Cerro. He described briefly the present situation of the company in Peru and its investment needs and problems, saying that the matter was under study by a Government Commission which had come at variance with the value set by the company. He said that this was a matter which would have to be discussed and negotiated but he did not expect any action until late July or early August. There would be no confiscation, on the contrary, there would be negotiation.

1. In view of the late hour and our next appointment, only passing reference was made to the following matters:

1) General Mercado brought up the matter of US Trade Legislation, referring to the fact that with regard to general preferences the law included a paragraph on expropriation which was prejudicial to Peru. The Secretary reminded the Prime Minister that the language referred to expropriation without compensation and not just expropriation as such.

2) The Prime Minister then said that our stockpile disposal program was damaging to Peru's interests. The Secretary said that we were conferring with the governments concerned and no action would be taken prior to these discussions. Whatever we decided, we would attempt to assure there was no disruption of the world markets.

Rogers

**286. Telegram 311 From the Consulate in the Netherlands
Antilles to the Department of State¹**

Curaçao, May 27, 1973, 1430Z.

311. Subject: Secvisit LA: Memorandum of Conversation—the Secretary and Foreign Minister de la Flor of Peru. Secto 176.

1. Secretary of State met with Foreign Minister Gen. Brig. Miguel Angel de La Flor Valle at the Foreign Ministry on May 16, 1973 at 9:45 a.m. Participants were US side: the Secretary, Under Secretary Casey, Mr. Kubisch, Mr. Pedersen, Ambassador Belcher and Interpreter; Peruvian side: Foreign Minister De La Flor, Acting Secretary General Ambassador Juan Jose Calle y Calle, Peruvian Ambassador to the U.S. Fernando Berckemeyer, Director of Economic Affairs Ambassador Juan de la Piedra Villalonga, Director of Protocol Ambassador Guillermo

¹ Summary: Rogers and de la Flor discussed U.S.-Peruvian relations, and U.S. policy towards Latin America.

Source: National Archives, RG 59, Central Files, 1970–1973, ORG 7 S. Confidential; Immediate. Repeated for information to Lima. In Rogers's conversation with Velasco, Velasco discussed the reasons behind his 1968 military coup and the Peruvian Revolution, and U.S. policy with regard to Peruvian requests for loans from IFIs. (Telegram 1736 from Rio de Janeiro, May 19; *ibid.*) President Nixon's May 3 report to Congress is printed in the Department of State *Bulletin*, June 4, 1973, p. 717 Rogers's remarks about Latin America can be found *ibid.*, June 25, 1973, pp. 903–927.

Lohmann Villena, and Director of Public Relations Minister Igor Velazquez Rodriguez.

2. After the customary exchange of pleasantries the Secretary referred to press reports concerning who invited whom. He said he asked to come, and was very pleased to be here to discuss our problems. The Foreign Minister in his opening remarks referred to both President Nixon's and the Secretary's recent statements with regard to U.S. policy towards Latin America and noted that they emphasized a search for new dimensions in our relationships and a particular desire to eradicate paternalism. He said he had been very encouraged by President Nixon's recent message to Congress and considered the references to Latin America most positive. He also expressed appreciation for the Secretary's arrival comments. In particular as they indicated an appreciation of the revolutionary process in Peru and accepted Peru's nationalistic approach to its problems. He looked forward to the Secretary's visit as an opportunity to draw on the basic good will that exists on both sides to solve some of our outstanding problems. He hoped that during his visit the Secretary would have a chance to come to know of Peru's successes as well as its problems and that perhaps he would see that the revolutionary process here was really a *sui generis* case. He felt that much information about Peru reached the United States in a distorted form and indeed some of the reporting had been done maliciously.

3. Secretary Rogers said that he thought that perhaps there existed in Peru a misconception of U.S. policy and that it should be clear to all that, as he had stated on arrival, we fully recognize Peruvian sovereignty and the Peruvian rights to opt for any system to solve its problems and that this was the system of government which we would be prepared to deal with. The fact was that we supported the concept of ideological pluralism. Each nation should decide for itself as to its relations with other nations. In these relations there obviously must be a mutuality of interest. As far as the U.S. was concerned much depended on whether the other country was friendly or hostile towards US and in this instance the Secretary said he was thinking specifically in terms of Cuba. If a country's attitude was hostile we would find it difficult to respond with friendly overtures. However, in the case of Peru, there was a tradition of friendship going back to the days of independence and we hoped to build on that basis of friendship and good will to improve our relations. It was for this reason that President Nixon had asked him to come to Peru. Since the U.S. has been able to improve its relations with adversaries such as the Soviets and the Chinese. There was certainly no reason we could not accomplish the same thing with our friends. The Secretary said that he hoped sincerely that, in the speed and the manner in which Peru desired, we would be successful in improving our relationships.

4. The Foreign Minister agreed fully with the Secretary. Certainly traditional friends should be able to settle their differences and there was both the will and the intent on the Peruvian side, with mutual respect and taking into account our respective interests. He said Peru was looking for a new system on which to base its further development and a more equitable sharing of the country's wealth. He recognized that no country could be fully "independent" in the strict sense of the word. These days this term was a relative one. Peru needs help from abroad and despite its nationalistic attitude, it needs U.S. investment. Unfortunately in any revolutionary process vested interests are adversely affected. Unfortunately in some cases reactions to the Peruvian revolutionary program have resulted in confrontations and obviously a great effort was needed to overcome the results of such confrontations and arrive at solution to existing problems. The Foreign Minister said that in view of the great contrasts between our two countries, issues which were of tremendous impact in Peru were of relatively little importance to the United States and we should appreciate that at times Peruvian reactions might seem stronger than what would be the case in the United States. If the United States wants to help Peru in its development process and if it appreciates the new efforts being made by the government of Peru in this connection, then the United States should try to be measured in its reaction to events in Peru.

5. The Foreign Minister then turned to the question of security and spoke of the need for the U.S. to take Latin America into greater consideration when thinking of its own national security. He felt that the success of development efforts in Latin America was vital to the U.S. and that we should appreciate the fact that if social unrest becomes rampant in this area, the United States cannot consider that its Southern flank is secure.

6. The Secretary said the he could make a number of comments on the Foreign Minister's observations but that he was in basic agreement. He accepted the fact that there were divergencies between the developed and developing nations and that the GOP should appreciate that our's is a very complex system with a built-in balance of powers in the federal government and an influential private sector. He pointed out, nevertheless that despite our differences over the IPC expropriation, when the earthquake disaster hit Peru all these sectors moved together to extend help to the people affected by the catastrophe. In referring to the Hickenlooper amendment the Secretary said it had been his decision not to apply it. He hoped that the minister would understand that this was a most serious move on his part and that in making such decision all the various interests involved had to be taken into account. The Secretary said that ever since World War II the people

of the United States had been helping other countries, even including our former enemies. We did so because it seemed the right thing to do. What we need and hope for is a little more understanding of our internal problems in extending the help that we would like to give to developing nations. With regard to security he agreed that great contrasts of wealth and poverty within a country could lead to instability. The Secretary pointed out, however, that until very recently the real threat to the security of the world was the strained relations between the United States and the Soviet Union and China. We and the Soviets as nuclear powers could easily destroy the world. Fortunately we had been successful in significantly improving our relations with both the Soviet Union and China, and now we could turn with much greater attention to the problem represented by the developing nations.

7. At this point the meeting in the foreign office ended in order to visit President Velasco.

Rogers

287. Telegram 3670 From the Embassy in Peru the Department of State¹

Lima, May 31, 1973, 2259Z.

3670. Subject: Credit Sales of Northrop F-5 Military Aircraft. Ref: State 98509.

1. Embassy notes Peru not included in list of countries for which President determined sale of F-5 military aircraft is important to U.S. national security. We assume this stems from suspension of FMS to Peru at time determination initiated.

¹ Summary: The Embassy requested guidance on how to answer questions by Peruvian officials with regards to sales of F-5 aircraft to Latin American nations.

Source: National Archives, RG 59, Central Foreign Policy File, [no film number]. Confidential. On May 23, the Department informed the Embassy that on May 21 the President had signed Determination 73-14, which granted credit to the governments of Argentina, Brazil, Chile, Colombia, and Venezuela in connection with the sale of F-5s. (Telegram 98509 to Brasília, Santiago, Buenos Aires, Bogotá, Caracas, and Lima, May 23; *ibid.*) There is no indication the Department provided guidance to the Embassy. On June 8, in a telegram forwarded to Lima, the Department stated that the U.S. Government was prepared in principle to sell F-5s if the request were made. (Telegram 108603 to Bridgetown, Georgetown, Guatemala, Kingston, Managua, Mexico, Panama, Port au Prince, Port of Spain, San Jose, San Salvador, Santo Domingo, Tegucigalpa, and Nassau, June 8; *ibid.*)

2. However, once consultations with Congress are completed and availability of F–5's to various LA's, including Chile, becomes public, we anticipate GOP will raise with us usual questions, to wit: (A) why does U.S. sell major system to avowedly Marxist state which historical adversary of Peru? (B) Does U.S. consider Chile good credit risk as compared Peru? (C) Why are F–5's not offered to GOP?

3. Embassy believes it can turn these questions temporarily by: (A) Referring to GOP priority interest in acquiring A–37 B's, and (B) fact GOP purchasing mission in UK is reportedly interested in purchase of Canberras on very favorable terms (\$500,000 per copy with guarantee of 10 years supply of spares).

4. Embassy nevertheless wishes call Department's attention to this potential problem with GOP and would appreciate press guidance.

Belcher

288. Telegram 129032 From the Department of State to the Embassy in Peru¹

Washington, June 30, 1973, 0126Z.

129032. Subject: Greene Mission; IFI Loans. Eyes Only for Ambassador Belcher.

1. Special group established pursuant NSDM 199/CIEPDM A7 has reviewed status of Greene negotiations and also considered position USG should adopt on loans for Peru expected to come to vote in IBRD and IDB in near future. As a result, you should make a private approach

¹ Summary: The Department informed the Ambassador that the Peruvian Government needed to publicly announce the existence of discussions to resolve investment disputes before the U.S. Government could set forth criteria for supporting IFI loans to Peru.

Source: National Archives, Nixon Presidential Materials, NSC Files, Country Files, Box 793, Latin America, Peru, Vol. 3, January 1972–December 31, 1973. Secret; Immediate; Nodis. Drafted by Pringle and Kubisch; cleared by Hinton, Hennessy, Jorden, and Rush. NSDM 199/CIEPDM, December 26, 1972, is Document 640 in *Foreign Relations, 1969–1976*, vol. E–10, Documents on American Republics, 1969–1972. In telegram 4584 from Lima, July 3, Belcher informed the Department that he was not able to discuss the Department's proposal with Velasco, but did discuss it with de la Flor on July 2, in which he and de la Flor discussed the risks involved if the talks, after made public, failed. (Ibid., P840114–1800) In telegram 4661 from Lima, July 5, Belcher informed the Department that de la Flor had told him that he discussed the U.S. Government proposal with Velasco. (Ibid., P840114–1796)

to President Velasco or, if it is not possible to see him, you should seek to reach Velasco through Prime Minister Mercado. In addition, you should see Foreign Minister de la Flor since he has been a major advocate of a good faith gesture by the US through IFI lending. In these meetings, you should make the following points:

A. Peru has requested US support for Penrong IFI loans on the grounds that it would be helpful in providing positive impetus toward early resolution of pending investment disputes through Greene negotiations.

B. US prepared to give tangible evidence of our good will and confidence in Peru by supporting presentation to IBRD and IDB boards and positive vote on three loans at this time, as follows: (1) dols 25 million in IBRD for agricultural and livestock credit, (2) dols 6 million animal health program, and (3) dols 6.2 million (approximately) National Health Institute (both are IDB FSO), provided GOP understands the following:

(I) U.S. domestic law (Gonzalez amendment) prohibits our supporting IFI loans to countries which have expropriated without compensation unless the president determines that any one of the following conditions are met:

—An arrangement for prompt, adequate, and effective compensation has been made.

—The parties have submitted the dispute to arbitration under ICSID or other arbitration rules.

—Good faith negotiations are in progress aimed at providing prompt, adequate, and effective compensation under the applicable principles of international law.

It follows from our vote that we will have to explain publicly when asked, that “good faith” negotiations to arrive at a just settlement are in progress with Peru, and thus we see as essential that GOP agree or be prepared themselves to confirm existence of such good faith negotiations. We believe that best way to handle this would be for GOP to agree to issuance of a mutually satisfactory press release along lines suggested para 4 below.

(II) US support for loans on basis of “good faith” negotiations also implies that, although parties may be far apart at present time, negotiations are expected to reach a successful conclusion within a reasonable period of time, and in fact we are not prepared to engage in long drawn out negotiations and expect finalization in the next few months. Because Mr. Greene is a special emissary of the president and because prestige and credibility of USG would be publicly committed to success of negotiations, their collapse or failure would be a severe blow to US-Peruvian relations. We would almost certainly be required to revert to a negative position with respect to assistance to Peru:

Damage might not be limited to economic sphere but could also spill over into other areas (FYI military credits, for example, end fyi). In our view, GOP at highest levels must acknowledge their understanding of this now, and see what is at stake, before asking that we go ahead and support these loans.

2. You should make clear that we are not urging this course on GOP, that decision is one for GOP itself to make; and our strong preference would be to defer consideration of these loans until negotiations with Greene are farther along, such as after August visit.

3. It is essential that you carry out foregoing instructions precisely. Even a slight misunderstanding on GOP's part now could have the most serious consequences later if Greene negotiations were to fail.

4. Suggested text for possible press statement follows:

A. Quote: President Velasco of Peru, Prime Minister Mercado and other members of the revolutionary government of the armed forces have held exploratory conversations with a special emissary of President Nixon. The meeting focused on a broad review of United States investments in Peru with particular reference to a number of current investment disputes, the resolution of which would eliminate a source of friction between the two governments and enhance the traditionally close and friendly relations between Peru and the United States.

B. In the discussions, President Velasco made clear the view of the government of Peru that, while it fully shared President Nixon's desire for a mutually satisfactory settlement of investment issues this could, in no way, entail any change in the position of Peru with respect to IPC. As far as the government of Peru is concerned, the IPC case is settled. President Nixon's special emissary acknowledged this to be the position of the government of Peru on this matter.

C. The two presidents are agreed that resolution of outstanding investment issues would greatly facilitate the achievement of the more cordial and productive relationship that both governments desire, and it is anticipated that further discussions will be held in Lima in the near future. End quote.

5. Since IPC matter not brought up by Greene we do not wish you to discuss IPC other than to answer if they ask that our public reply will not go beyond language of communiqué.

6. Imperative we receive answer by COB Tuesday.

Rogers

289. Telegram 5644 From the Embassy in Peru to the Department of State¹

Lima, August 4, 1973, 0005Z.

5644. Subj: Greene Mission. Ref: Lima 5520.

1. In view of fact that statement on Greene visit provided Lima 5520 was cleared by Council of Ministers, Foreign Office SecGen informed me that our proposed changes would have to be approved by same group. Unfortunately, in view of absence from city of several members as well as difficulty of convoking special meeting this would mean that revisions could not be considered until Tuesday, August 7.

2. This timing most unfortunate in view of scheduled vote at the World Bank as well as Greene's scheduled arrival in Lima. Under the circumstances and after further discussion with Garcia Bedoya, we decided that Greene visit should be postponed one week, on assumption in intervening time we would be able reach agreement on final text.

3. Garcia Bedoya reluctantly accepted our reasoning for suggesting postponement of vote in World Bank. I explained to him that we would much prefer public announcement of Greene mission prior to vote. This would probably satisfy most interested parties. It would be much more difficult to respond to queries resulting from our affirmative vote if we did not have language which had not been mutually agreed upon. I told the SecGen that we planned to ask for postponement when Peruvian loan came up Tuesday morning. I explained this was customarily approved by the directors on a one-time basis, which meant that the loan would then be considered and voted upon August 14.

4. On the off chance that we can get our text approved over the weekend or on Monday, we have left it that a final decision on requesting a postponement will not be made until Monday afternoon.

Belcher

¹ Summary: The Ambassador informed García Bedoya that the U.S. Government would request a postponement of an IBRD vote on a loan for Peru until the public announcement of the discussions to resolve investment disputes.

Source: National Archives, RG 59, Central Foreign Policy File, P840114-1731. Secret; Immediate, Nodis. Telegram 5520 from Lima has not been found. In telegram 157090 to Lima, August 9, the Department informed the Embassy that because the Peruvian Government agreed to an announcement, the U.S. Government would vote for a \$25 million IBRD agricultural and livestock credit loan for Peru. (Ibid., P840114-1942) The August 9 Peruvian Government announcement of its agreement to investment discussions with Greene is in the Department of State *Bulletin*, August 27, 1973, p. 310.

290. Memorandum From the President's Assistant for National Security Affairs (Kissinger) to President Nixon¹

Washington, September 19, 1973.

SUBJECT

Presidential Determination to Authorize Credit for F–5 Sales to Peru

Acting Secretary Rush has recommended, with Defense concurrence, that you determine it important to U.S. security to authorize credit for the sale of F–5E aircraft to Peru (Tab B). The Foreign Military Sales Act requires such a determination before credit can be extended to underdeveloped countries for the purchase of sophisticated weapons systems.

Peru is interested in purchasing up to 24 F–5s and is about to make a final choice between the F–5 and the French Mirage. An extension of credit to finance Peru's purchase under the Foreign Military Sales Act will most likely be required.

Due to the foreign military sales credit ceiling of \$550 million contained in the Continuing Resolution Authority (with \$300 million earmarked for Israel) and the need to fund existing contractual commitments, there may not be adequate credits to finance this F–5 purchase beginning in FY 74. However, we believe that the Peruvians would accept delaying procurement of the F–5s beyond FY 74. Peru's purchase of 27 A–37B aircraft should satisfy the immediate needs of their Air Force. A favorable finding regarding the F–5 aircraft is expected to have a sufficient positive political impact on the Peruvians to insure the choice of the F–5 over the Mirage.

In May 1973, you determined that it was important to the security of the United States to extend credit to Argentina, Brazil, Chile, Colombia, and Venezuela in connection with the sale of F–5 aircraft. This determination would do the same for Peru.

We anticipate significant, but not overriding, adverse Congressional reaction to this waiver. The criticism will probably focus on

¹ Summary: Kissinger recommended that Nixon sign a Presidential Determination to authorize credit for Peru's purchase of F–5 aircraft.

Source: Library of Congress, Manuscript Division, Kissinger Papers, Box CL 298, Memoranda to the President, 1973, August–December, Folder 3, 1973, September. Secret. Nixon signed the Determination. Attached but not published at Tab A is a September 20 memorandum from Nixon to Rogers issuing Presidential Determination 74–4; at Tab B is a July 20 memorandum from Rush to the President; and at Tab C is a September 10 memorandum from Ash to the President.

expropriations and seizures of U.S. fishing boats. In addition, the small group which opposes arms sales in general will be critical.

Bill Timmons and Roy Ash concur (Tab C).

Recommendation

That you sign the Determination at Tab A.

291. Memorandum of Conversation¹

Washington, October 23, 1973, 5 p.m.

SUBJECT

Meeting between Mr. Kubisch and Peruvian Foreign Ministry Secretary General Garcia Bedoya—October 23, 1973 (5:00 p.m.)

PARTICIPANTS

Peru

Peruvian Foreign Ministry
Secretary General Carlos Garcia Bedoya
Peruvian Minister-Counselor
Manuel A. Roca-Zela

U.S.

Mr. Jack B. Kubisch, ARA
Mr. Richard F. Weber, ARA-LA/EP
Mr. Myles R.R. Frechette, ARA-LA/EP/P

Garcia Bedoya had asked for an urgent meeting with Mr. Kubisch on October 23 because he was returning to Lima on the following day. In requesting the appointment he had said that he wanted to discuss U.S.-Peruvian bilateral relations and the Peruvian version of the inter-governmental agreement connected with the Greene Mission.

¹ Summary: Kubsich and García Bedoya discussed regional issues and investment and fisheries disputes.

Source: National Archives, RG 59, Central Files, 1970–1973, POL PERU–US. Secret; Nodis. Drafted by Frechette on October 29; cleared by Weber and Kubisch. The meeting took place in Kubisch's office. The text of Kubisch's speech can be found in the Department of State *Bulletin*, November 12, 1973, pp. 608–613. Belcher informed the Department that even though Velasco had threatened to expropriate the Cerro corporation, he had not. In addition, the Cerro corporation, in Belcher's words, "using what appears to us extreme language," had stated that the Peruvian Government had negotiated in bad faith and refused to sell its assets to the Peruvians. (Telegram 7065 from Lima and Telegram 190532 to Lima, both September 25; *ibid.*, Central Foreign Policy File, [no film number])

The meeting lasted almost an hour and the atmosphere was cordial. The principal points covered in the conversation are as follows:

Garcia Bedoya began by saying that he wanted to give Mr. Kubisch his view of the work of the OAS Special Committee. With respect to the political subcommittee, he said there had been much discussion concerning definitions of democracy. Peru, he said, had participated fully in those discussions and was very interested in such concepts as pluralismo and plena participación. Garcia Bedoya stated that he believed that through discussion, these problems could be overcome. With respect to the Rio Treaty, he said that Peru believed changes were required.

Concerning economic matters, Garcia Bedoya said that there was a great deal of hard work to be done and that progress had been very slow. He said that he believed the U.S. had the erroneous impression that the Latins were trying to commit the U.S. to new and increased levels of bilateral assistance. What the Latins were trying to achieve was a new, more realistic and effective cooperation with the U.S.

Garcia Bedoya said he had read Mr. Kubisch's Boston speech to the Inter-American Press Association with great interest, and in connection with that speech asked whether Secretary of State Kissinger planned to go to Bogota. He said he believed that all Latin American foreign ministers were most interested in talking to Secretary Kissinger, and he thought that such talks with the Secretary of State would be beneficial. He asked Mr. Kubisch whether Peru could be informed as early as possible if the Secretary were to go to Bogota. Finally, referring to the next session in Lima of the OAS Special Committee, he asked whether Mr. Kubisch would be travelling to Lima.

Mr. Kubisch began by explaining the origin of the Bogota meeting. He then said that Secretary Kissinger had not been officially invited to Bogota, that he had no plans to go there and that he had many other commitments. However, Mr. Kubisch said that if all the Latins wanted the Secretary to go, he could not see how the Secretary could refuse. In sum, Mr. Kubisch said that while attendance by the Secretary was possible, it was not probable. With respect to a meeting in Bogota of Latin American foreign ministers, Mr. Kubisch noted that the U.S. did not think it a good idea for the Latin Americans to get together and attempt to present a prescription to the U.S. concerning hemispheric relations, to be either accepted or rejected à la Consensus of Viña del Mar. By the same token, he said that the U.S. was not seeking to develop a U.S. prescription for the Hemisphere, which the Latins could either accept or reject. Mr. Kubisch said that in his view, the objective should be a dialogue between all the countries in the Hemisphere. However, this dialogue should be private and frank, not aimed at international or domestic opinion. He believed that out of such a dialogue all of the

countries in the Hemisphere working together could develop policies and approaches which would contribute to the common good of all. Garcia Bedoya agreed that it was important to avoid another Consensus of Viña del Mar, and the Bogota meeting should be very carefully planned to avoid such an outcome. He said his government would watch and approach it very carefully. Mr. Kubisch asked that Peru keep the U.S. advised of its attitude toward the Bogota meeting through Ambassador Belcher. In response to a question by Mr. Kubisch, Garcia Bedoya said that his Foreign Minister had left New York before the Bogota meeting had been suggested and he had not yet been formally invited.

Mr. Kubisch pointed out that in one or two days Ambassador Jova would present the U.S. position on possible changes to the Rio Treaty. With respect to economic questions, Mr. Kubisch said that it was unrealistic for the Latins to think that they could pressure the U.S. into making specific commitments with respect to assistance for the Hemisphere. He said that this was a misreading of the way the U.S. Government and the U.S. Congress operated. Pressure, he said, would not produce a commitment from the United States. Mr. Kubisch said he had just returned from a briefing on the Middle East by the Secretary. The Arabs, he said, had tried to pressure the U.S. with oil. Both they and the Russians had found out that pressure of this kind does not work with the U.S.

Mr. Kubisch remarked that he hoped to see Garcia Bedoya in Lima, and said that although he did not know for sure, he expected to be present at the forthcoming Lima session of the OAS Special Committee.

Garcia Bedoya said that one of the reasons for his early return to Lima was to be present during Mr. Greene's next visit. Mr. Kubisch asked him how he saw the prospects for a prompt settlement. Garcia Bedoya said that he sincerely hoped there would be a prompt settlement. Peru, he said, was prepared to be reasonable. However, because of the disparity in size and power between the two countries, his government expected the U.S. to be more reasonable than Peru.

Concerning the Cerro Corporation, Mr. Kubisch said that in his view, the Peruvian Government had been very restrained in its reaction to the Cerro communiqué. Garcia Bedoya agreed, saying that the sort of thing Cerro said in its communiqué had hurt Peruvian feelings. He observed that, bearing in mind the nationalistic set of the military government, Peru's reaction indicated that it seeks a negotiated settlement of the Cerro problem.

Mr. Kubisch asked whether there had been any progress in the fisheries dispute talks, and Garcia Bedoya replied that it was up to the U.S. to do whatever was necessary to persuade the Ecuadoreans to return to the negotiating table. Peru, he said, because of its treaty

commitments could not negotiate bilaterally with the U.S.; however, if the U.S. could take care of some of Ecuador's preconditions for returning to quadripartite talks, Peru would be happy to negotiate and would be prepared to offer its good offices so that such talks could take place as quickly as possible.

Mr. Kubisch asked whether Peru would seize U.S. fishing vessels this season, adding that he was very worried about this problem. Garcia Bedoya replied that Peru was worried also and said that for a long time his government had been restrained with respect to seizures. However, nothing had come of that restraint. He stated that it would be difficult to avoid seizures if U.S. vessels were too numerous off the coast of Peru.

Mr. Kubisch asked Garcia Bedoya what he thought of the situation in Chile. The latter said that in his view, things were still confused, but that perhaps it would be better if there were no more *paredones de la derecha*.

Garcia Bedoya pointed out that his government had provided the U.S. Embassy in Lima with its counter-draft of the inter-governmental agreement which would be issued if the Greene Mission succeeded. Mr. Kubisch said that he had just received the agreement that afternoon and had not had a chance to study it.

292. Telegram 223776 from the Department of State to the Embassy in Peru¹

Washington, November 13, 1973, 1823Z.

223776. Subj: US Vote on IBRD Loan for Peru. For Ambassador.

1. Deputy Assistant Secretary Shlaudeman called in Peruvian Chargé Roca afternoon November 12 to convey USG position on dols 24 million IBRD Education Loan for Peru which scheduled for vote November 13.

¹ Summary: Shlaudeman informed Peruvian Chargé Roca that the U.S. Government would support IFI loans to Peru once the dispute over the expropriated properties of U.S. companies was resolved.

Source: National Archives, Nixon Presidential Materials, NSC Files, Country Files, Box 793, Latin America, Peru, Vol. 3, January 1972–December 31, 1973. Confidential; Immediate; Nodis. Drafted by Frechette; cleared by Shlaudeman, Weintraub, Sternfeld, Weber, and Hennesy; approved by Kubisch.

2. Mr. Shlaudeman said we wanted to inform the Peruvian government in advance of our vote on the loan in order to avoid any misunderstanding. He said we were going to abstain for reasons which the Peruvian Government would understand from its conversations with Mr. Greene. Shlaudeman then emphasized our view that it would be highly desirable if no further loans for Peru were to come up in the IFI's and especially in the IDB until the Greene mission is successfully completed. He explained that we wish to avoid any possible confrontation with Peru and to maintain a propitious climate for the Greene negotiations. It is our hope that the Peruvians will avoid any actions that could adversely affect that climate. Shlaudeman said the USG believes prospects for a settlement in the near future are good and that, when we have such a settlement, the problem with the IDB and IBRD will disappear. Finally, he asked Roca to transmit the foregoing to his government.

3. Roca said he would gladly transmit the information to his government, noting that his task would be eased by the fact that his government already knew from Mr. Greene the reasons for the US abstention. With respect to the IDB he said he understood the situation. He noted that he had reported often to his government on the atmosphere in Congress and had explained at length such legislative restrictions as the Gonzalez amendment. He said that he always tried to report objectively to his government and would also do so in this instance, particularly in the interest of preserving the climate for a successful conclusion of the Greene mission. He said he would emphasize our view on the desirability of not moving forward in the IDB but would also mention the IBRD—observing however that in the latter institution the US does not have a veto.

4. US Executive Director at IBRD, Charles Sethness, also gave advance word to IBRD Management and Peruvian alternate Executive Director. Sethness will make the following statement when Peru loan comes to a vote: Quote. Our abstention today on the loan to Peru now before the board, which we request to have entered in the minutes, reflects the facts that both progress has been made in the negotiations presently underway but a settlement has not in fact been reached on numerous investment disputes. We continue to be seriously concerned about the settlement of these issues and hope that a settlement can be reached at an early time so that we may be able to support future lending to Peru.

Rush

293. Telegram 16696 From the Department of State to the Embassy in Peru¹

Washington, January 25, 1974, 1756Z.

16696. Subject: Peruvian Purchase of Soviet Tanks. For Ambassador.

1. You should seek an appointment with President Velasco at an early date to discuss this subject. Exact timing is left to your discretion in light of developments with respect to the Greene mission. You should make the following points:

2. Now that the news of the Peruvian purchase of Soviet tanks is public, you have been instructed to seek an appointment with the President to convey our reaction. These comments are offered in furtherance of the friendly but candid dialogue which we believe should characterize U.S.-Peruvian relations.

3. We do not question Peru's sovereign right to buy arms wherever it chooses; but we are concerned at the entry of the Soviet Union into the Latin American arms market. Prior to this sale, the only country in the hemisphere to obtain significant Soviet arms was Cuba, a communist country dependent on the Soviet Union. Soviet arms sales in other parts of the world have at times proved seriously destabilizing. Some countries have found that an arms relationship with the Soviet Union ultimately produced unforeseen and undesirable effects, including arms races and strained relations with their neighbors, as well as Soviet interference in their internal affairs. The President will agree that the Soviet interest in arms sales has not normally been exclusively commercial in nature.

4. The USG has every confidence that the GOP will thwart any Soviet attempts to meddle in Peru, but we do fear that the sale itself will produce a destabilizing effect in the area. There are reports making the rounds that a large number of tanks is involved. Peru's neighbors might react by seeking increased armaments, and an arms race could

¹ Summary: The Department instructed Belcher to express to Velasco the U.S. Government's concern that a recent Peruvian purchase of tanks from the Soviet Union could lead to increased tensions in the region.

Source: National Archives, Nixon Presidential Materials, NSC Files, Country Files, Box 794, Latin America, Peru, Vol. 4, January 1974. Secret; Exdis. Repeated to Moscow. Drafted by Frechette and Shlaudeman; cleared by Pringle, Grey, Miles and Kubisch; approved by Kissinger. There is no indication Belcher and Velasco discussed the matter. In telegram 193548 to Lima, September 4, the Department, noting reports that the Peruvian Government had entered into new credit arrangements for further Soviet arms purchases, asked the Embassy to review the instructions in telegram 16696 and to deliver a *démarche* to Velasco. (National Archives, RG 59, Central Foreign Policy File, D740245–0870) Telegram 8043 from Lima, September 24, which reports on the subsequent meeting with Velasco, is Document 299.

ensue. Contrary to alarmist rumors and some public statements in Lima, there is no evidence available to us that any one of Peru's neighbors has so far engaged in a build-up of military hardware that could be considered inordinate or threatening. The introduction into Peru of Soviet or Cuban military technicians on any significant scale would be an additional destabilizing factor of considerable proportions. We know the GOP does not, in fact, want an arms race or any other form of instability in the area. The President's own recent statements that Peru prefers to spend its money for development rather than arms, as well as his suggestion of a meeting with bordering states to freeze arms procurement, are particularly welcome in that regard.

5. We recognize that our legislative and other restrictions have in the past frustrated Peruvian attempts to satisfy their arms requirements in the United States. However, the President will realize that a real effort has been made to correct this situation to the extent possible. President Nixon took an important step in that direction in May by determining that sales to Peru could be resumed under the Foreign military sales act. Our desire has been to be responsive to Peru's legitimate needs, and our disappointment over this purchase from the Soviets is, therefore, particularly acute. Regrettably, it is likely to make a satisfactory relationship between us in the arms field more difficult to achieve.

6. We must also be concerned by the effect of this transaction on Congressional and public opinion in the U.S. As the President is aware, some members of Congress and some sectors of our public opinion are already inclined to take an unsympathetic view of certain GOP policies. This purchase, particularly if it is followed by other acquisitions of Soviet arms, could produce such an adverse impact as to complicate our efforts to improve relations between the U.S. and Peru.

7. The USG has made evident its desire for a significant improvement in those relations. We are highly gratified by the progress of the negotiations with Mr. Greene. We look forward to an equitable settlement of the outstanding investment disputes and to the removal of the irritations and impediments these have produced. It is also our hope that progress can be made through quiet negotiations toward an interim solution to the fisheries dispute. The USG trusts that the GOP decision to purchase Soviet tanks does not signify a lessening of Peruvian interest in improved relations nor an intention to enter into a continuing arms relationship with the Soviet Union.

8. Begin FYI. Department assumes that Velasco's reactions to the foregoing will give us some indication of GOP intentions in this field. We have deliberately omitted any specific mention of Chile, but have little doubt that Velasco will know what troubles us in stressing the danger of an arms race. He should also have no difficulty in calculating

that the Chileans may put great pressure on us to redress the balance. We would appreciate any thoughts you might have on what could be done at this juncture to reassure the Chileans and lessen that pressure.

9. Our public reaction will be confined to low-key background briefing of the media. Guidance prepared for that purpose follows septel.

10. We also intend to brief the Brazilian, Venezuelan and Colombian Governments without asking for any action on their part. Embassy Santiago will be prepared to respond to GOC questions, but will not take the initiative in raising this subject. The telegram of instructions to these posts is being repeated to you. End FYI.

Kissinger

294. Editorial Note

On February 19, 1974, the United States and Peru agreed on a compensation package for expropriated U.S. companies in Peru. The agreement capped nearly eight months of negotiations. Department of State documents on the negotiations can be found in the National Archives, Central Foreign Policy File, for 1973 and 1974. White House documents are *ibid.*, Nixon Presidential Materials, NSC Files, Country Files, Box 793, Latin America, Peru, Vol. 3, January 1972–December 31, 1973 and *ibid.*, Box 794, Vol. 4, January 1974.

In the settlement, the Government of Peru agreed to give the Government of the United States \$76 million dollars to distribute to the expropriated companies. The Peruvians attached a “unilateral statement,” Annex A, to the agreement “without modifying the provisions of the Agreement.” The statement contained a list of companies which could be indemnified under the agreement. Because compensation for the International Petroleum Company (IPC) was a sensitive domestic issue, the list did not include the IPC. In turn, the U.S. Government attached a “unilateral statement,” Annex B, in which it recognized the Peruvian Government’s position as set forth in Annex A but stated the annex did not change “by interpretation or otherwise, the provisions of this Agreement.” Therefore, according to the U.S. interpretation of the settlement, the IPC could be compensated under the terms of the agreement. For the text and a discussion of the agreement, see the *Andean Times*, February 22, 1974, pp 3–5. Under the terms of the agreement, the Esso Standard Corporation, a subsidiary of the IPC, received

\$22 million in compensation. (Telegram 275595 to Lima, December 1; National Archives, Central Foreign Policy File, D740365–0435)

295. Memorandum of Conversation¹

Mexico City, February 20, 1974.

SUBJECT

Secretary Kissinger's Meeting With Peruvian Foreign Minister de la Flor

PARTICIPANTS

Peruvian Delegation

General Miguel Angel de la Flor, Minister of Foreign Relations

Ambassador Luis Marchand, Undersecretary for Foreign Policy, Ministry of Foreign Affairs

Mr. Oscar Faura, Interpreter

US Delegation

Secretary of State Henry A. Kissinger

Assistant Secretary of State for Inter-American Affairs Jack Kubisch

Legal Adviser Carlyle Maw

Donald Barnes, Interpreter

David E. Zweifel, Second Secretary, US Embassy

HAK: Mr. Minister, everyone has told me that you will be my biggest problem.

Fon Min de la Flor: And what do you say?

HAK: I tell them that you were the first Latin Foreign Minister I spoke to in New York and that we got along very well.

¹ Summary: Kissinger and de la Flor discussed regional issues and the dispute over fishing rights.

Source: National Archives, RG 59, Central Foreign Policy File, P820043–2412. Confidential; Nodis. Drafted by Zweifel; cleared by Kubisch; approved by Bremer on February 21. The meeting took place in the Foreign Minister's suite in the Hotel Camino Real. Kissinger and de la Flor were in Mexico City for a meeting of the hemisphere's Foreign Ministers. The meeting followed a November 14–16, 1973, Latin American Foreign Ministers Conference in Bogotá that approved eight points as the "bases for a new dialogue between Latin America and the United States": cooperation for development, prevention of coercive economic measures, restructuring the inter-American system, solution of the Panama Canal question, restructuring the international commerce and monetary systems, compelling multinational enterprises to respect the sovereignty of their host nations, transfer of technology, and a reconsideration of the general panorama of relations between Latin America and the United States. (Telegram 9438 from Bogotá, November 17, 1973; *ibid.*, [no film number]) Kissinger's Mexico City speech is in the Department of State *Bulletin*, March 18, 1974, pp. 257–262.

Fon Min de la Flor: Yes indeed. And I want to reiterate and make formal the invitation I extended to you in New York to visit my country.

HAK: I accept with great pleasure. When I visit Latin America, Peru will be among the first of my stops. I will not visit all countries, but only will go to 4 or 5 including Peru.

Fon Min de la Flor: When will this be?

HAK: I do not know for sure. Much depends on the President. I hope it will be in the Spring.

Fon Min de la Flor: That would be a good time—it will be Autumn in Peru. You travel a lot.

HAK: All the time.

Fon Min de la Flor: I want you to know that we sincerely hope you will come. As I told Assistant Secretary Kubisch, such a visit enables one to get to know a country and its people.

HAK: If you will take one or two of my trips to the Middle East, I will come immediately. (laughter) Compared to the Arabs, Latin Americans have a Scandanavian temperament.

Fon Min de la Flor: You mean we are colder than the Arabs?

HAK: Yes, you are colder than the Arabs but warmer than we are. I like the Latin temperament.

Fon Min de la Flor: We are very emotional, but motivated by humanism. We have a very constructive attitude. Probably we talk too much and do too little. In fact, I told my colleagues this afternoon that we had talked 3 hours without having accomplished anything.

HAK: Don't feel you are alone. We had a 3-day Energy Conference with European and US participation last week. At the end, I was not sure what we had discussed.

Fon Min de la Flor: I hope this meeting does not end the same way.

HAK: I have come with the full expectation and determination that this meeting succeed. We will not be able to satisfy all your desires. I do not want to promise anything on which we cannot deliver. On some issues we will not be able to meet your positions. Nonetheless, we will consider your opinions very seriously.

Fon Min de la Flor: Having arrived at this point, may I comment that great expectations have been aroused concerning what will come out of this meeting—both on the part of the press and the public. We believe that all of these expectations center on your contribution, especially what you can say on our eight points and on the two which you have raised. We don't want this to be a repetition of just one more meaningless conference like the many that have taken place in the past.

HAK: What we have to avoid is a high-sounding proclamation, followed by no action.

Fon Min de la Flor: Exactly.

HAK: We must design a program to work on for years to come. I want you to know that I have brought one of the highest-ranking US delegations to attend such a conference in years. My purpose is to create an atmosphere of unity and direction so that the public in the US will come to take Latin American relations very seriously. Besides a program *per se*, we must create a new spirit of equal partnership; that is what I wish to bring about.

Fon Min de la Flor: I know Mr. Secretary, that you have studied all of our eight points very carefully. I would like to ask if, in your public address tomorrow, you plan to treat all of the eight points equally, or will you emphasize some more than others?

HAK: I will deal with all in some detail. In my speech tomorrow I will not refer to them simply as "your points", but will give an answer; otherwise the press will say this is just another platitudinous speech. At the same time my Latin American colleagues are so temperamental that they will attack me whatever I say (laughter). What do you think?

Fon Min de la Flor: If you express your points of view publicly, the Latin Americans will have to respond publicly. If you refer to the points in your speech and a member of the media then asks my opinion, I must give it. If your speech is very general, the press can attack it as being only a repetition of previous statements of goodwill. If it is too detailed, you then will have committed yourself publicly to a position that you will have to defend in private. You will have to choose between those points you address in public as opposed to those you want to make in private. The press can misinterpret your remarks—we all know how the press is.

HAK: I will have to consider your recommendation. What we need in the US is public support for a new policy. If I speak only in generalities, the people here will be disappointed and people in the US will say that it has been "just another meeting". If I make good proposals, you, of course, will agree with me.

Fon Min de la Flor: If your proposals are good I would have to recognize it. The problem is that we face the possibility of real frustration since it has been so long since we have met. Another possibility (as I mentioned to Assistant Secretary Kubisch) is that many Latin Americans will not agree on your proposals. A third possibility is that the US will be seen as leading Latin America just as she has done in the past—paternalism. I can tell you that the press will be very harsh if you deal only with points of interest to the US and not with others. Hence, on the eight points, your opinions will have tremendous import for the future of Latin America.

Peru's position has never been one of confrontation or friction with the US. Our position is a realistic one of a people in transition, seeking

maturity. We are humanists. We are faced with problems such as the role of foreign capital in our economy; this is important in discussing your desire to change the basis for US-Latin American relations. I repeat: ours is a firm, non-violent position which we maintain with our heads held high. Although there are seeming contradictions in our two governments' policies which might be misinterpreted, we know that if and when we find ourselves in opposition, we shall be frank, sincere, and friendly.

HAK: And tough! (laughter)

Fon Min de la Flor: Ambassador Marchand has just handed me a very apt phrase—"Mental colonialism is as dangerous as imperialism".

HAK: As we seek to move from a position of domination to one of cooperation, we do so not as a favor to you but as a recognition of the times. If the US tries to lead Latin America by the hand, we will exhaust ourselves. Such an attitude is incompatible with our objectives. Either we will bring about a cooperative spirit between peoples of dignity or the Latin community will disintegrate with each country going its own way. This is the choice which faces us.

In regard to concrete items, I have to tell you frankly that I have studied your paper on such issues as economic coercion, and that we cannot move to your position. I will suggest some ways in which we might handle future disputes. At the same time, I want you to know that whatever we promise we will achieve. You will not agree with all we offer. I ask you to look at the direction in which we are moving as well as at the specifics we propose. You will find this in my speech.

Fon Min de la Flor: I appreciate that. I also know you won't promise to eliminate all legislative restrictions. This is out of your hands. However, if you convince us that *you* understood our position and are willing to make your maximum effort along these lines, we will be satisfied.

HAK: This is exactly what I will do, but can I do so publicly?

Fon Min de la Flor: If you do state such a position publicly, I immediately will back you up on it.

HAK: I will do this.

Fon Min de la Flor: We have just signed a very important bilateral agreement. We very much wanted to sign it before this meeting.

HAK: In fact you went home to sign it.

Fon Min de la Flor: That is why I can appreciate your travels (laughter). Moving from this agreement, I see an improvement in our relations. However, there are still points which endanger even better relations. I refer to the tuna issue—specifically the Pelly Amendment. So long as this exists we will have difficulty in moving smoothly to truly harmonious relations.

HAK: We can—although not publicly—as long as our present laws exist, and considering that we have put our relations on a new basis,

make sure that the laws will be applied in the most flexible manner. As we move from confrontation to trust, I will do what I can to alleviate the legal obstacles.

Fon Min de la Flor: Would you like a whiskey?

HAK: No thank you. I must go. I must work on my speech.

Fon Min de la Flor: You spoke of cooperation. For us this is vital. We have made a proposal which you may have seen—I refer to a system for collective economic security. This has two aspects: one is a program which would operate in such cases as natural disaster and would provide for collective effort to reduce the repeated calls for bilateral and unilateral assistance. The other aspect is for collective action in situations such as the present scarcity of resources. We would propose that we meet, review the situation, and then take positions which place full value on Latin American views.

HAK: For foreseeable problems, consultation is essential. We sometimes differ, especially when you insist that we have an obligation to act rather than that we act voluntarily. This is a matter of principle, not action. Assistant Secretary Kubisch is having a heart attack. He thinks I am antagonizing you (laughter).

Fon Min de la Flor: I understand fully. I also am frank. It is the only way for non-diplomats to understand each other.

HAK: I already told Jack Kubisch that the only way I could enter the State Department was as Secretary. I am not qualified for any other entry (laughter).

Fon Min de la Flor: Really, we don't pretend to set forth precise obligations; at the same time the US does have an obligation towards Latin America.

HAK: Moral but not legal.

Mr. Kubisch: Furthermore, our people and our Congress would not accept any legal obligation.

Fon Min de la Flor: At least you should refrain from measures which retard development.

HAK: We must do better, we must contribute on a long-term systematic basis. You will see tomorrow.

Mr. Kubisch: We should go.

HAK: I have an appointment for which I am late.

Fon Min de la Flor: Two more small points. Will you say anything on Cuba?

HAK: I will be very frank. Cuba is primarily a domestic problem within the US. From a foreign policy point of view, a government which can deal with Peking can deal with Havana. What I am trying to do is to create a new spirit. If we mix in our discussion too much

talk about Cuba, this will lead to a domestic (US) debate on the wrong issue. This does not mean that I am asking you to change your view at all. I hope this is not our last meeting. I ask that the Cuba issue be deferred for a later time. I will not mention Cuba in my speech. My opposition is not dogmatic. I hope you will not repeat what I have said to others.

Fon Min de la Flor: Today we received with great satisfaction one of your statements in which you referred to “convivencia pacifica”. Some Latins may not realize that we must cooperate for development. I think your phrase is significant. This, plus the frank talk we have had is most encouraging. I think you should repeat the phrase in your speech.

HAK: I will include it.

(The Secretary rose and took leave of Minister de la Flor.)

296. Telegram 1798 From the Embassy in Peru the Department of State¹

Lima, March 7, 1974, 1203Z.

1798. Subj: Greene Mission—Elements Leading Peru to Agreement and Their Implications.

1. Summary: On February 19, 1974, the Governments of the United States and Peru signed an agreement resolving outstanding investment disputes, thus removing a major and persistent irritant in relations between the two countries. What were the pressures on the Peruvian Government which led it, after more than five years of confrontation, finally to put an end to these apparently intractable disputes? Influences were many, some of which grew in importance as negotiations continued. However, there is little doubt that the fall of the Allende regime in Chile and Peru’s growing sense of isolation in the Hemisphere provided the final and most important impetus. Other factors were: (1) the contribution which an agreement could make toward stabilizing conditions for Peru internally as well as externally; (2) concern for the economy, including continued availability of Foreign Assistance; (3) an effort to

¹ Summary: Belcher outlined the reasons why the Peruvians agreed to compensate expropriated U.S.-owned companies.

Source: National Archives, RG 59, Central Foreign Policy File, [no film number]. Confidential; Limdis. Nixon’s letter to Velasco is referred to in the source note to Document 281.

offset closer relations with the Soviets, and perhaps to counterbalance the purchase of Soviet tanks; and (4) the prospect that the appearance of rapprochement with the United States could lend added respectability and permanence to the Velasco revolution.

2. The agreement has been applauded by the U.S. press as a diplomatic achievement by the administration of considerable importance in future relations with the Hemisphere. Conversely, in Peru, the government oriented and controlled press regarded the agreement as a "victory" in a struggle with an imperialist power which was finally forced to accept the legitimacy of the Peruvian model. For Velasco, the perspective was, in fact, somewhat different. Preoccupied by events in Chile and perhaps concerned by thoughts of his own succession, the agreement not only added a possible source of assistance but removed a potential threat to the stability of his revolution without detracting either from its integrity of independence. End summary.

3. On February 19, 1973, in a secret meeting with Velasco, Special Presidential Representative James Greene handed the Peruvian President a letter from President Nixon suggesting that the U.S. and Peru attempt once again to resolve certain investment disputes which for several years has poisoned relations between the two countries. On February 19, 1974, one year to the day later, Peru and the United States signed an agreement under which Peru agreed to pay compensation of \$76 million (plus a net of \$34 million in related remittances). The event has been viewed in the U.S. press as a significant administration Foreign Policy achievement and as a landmark in U.S. relations not only with Peru but possibly with Latin America. It is of some interest to consider what brought this development about and what implications it may have.

4. Immediate considerations were perhaps the most important, but short range historical developments were significant in setting the context. In October 1968, the Armed Forces overthrew the tottering Belaunde regime, repudiated the Act of Talara, and seized IPC, an event which has since become the symbol of the Peruvian Revolution. Subsequent efforts by then Under Secretary of State Irwin in April and September 1969 failed to resolve the resulting dispute between the U.S. and Peru, and the Peruvian Government, under the shadow of U.S. retaliatory legislation, embarked on its twin course of confrontation—with the U.S. abroad and with the traditional economic and social establishment at home. In retrospect the failure of this first U.S. effort was not surprising; the Irwin mission was handicapped from the outset by other problems such as the seizure of U.S. fishing boats, and by the perception of the Revolutionary Government that agreement with the U.S. over IPC would expose it to attack from the very leftists and nationalists who had supported it against Belaunde.

5. The Greene mission began under more favorable circumstances. The Velasco government had been in office for four years and had become more self-assured—perhaps even institutionalized. Its unique and in many respects genuinely revolutionary programs were well matured. The initial overture was discreet, and President Nixon's initiative probably flattered Velasco's vanity. Finally, there was undoubtedly underway a growing appreciation on the part of the government that continued confrontation with the U.S. was not in Peru's own self interest. Conversely, for Velasco, in firm control of his country, it would cost little to explore what the U.S. might have in mind. There are also indications that it had occurred to him that it might be possible to include Cerro de Pasco, already at that time a Peruvian objective, in a negotiated package at relatively little expense. In any event, Velasco accepted the overture, and when Greene left, it appeared that there might be a further meeting in March.

6. Before the next meeting could take place, however, a number of important events occurred. Velasco suffered a near fatal illness, civil disturbances broke out in the South, Peru nationalized the fishmeal industry, and Secretary of State Rogers paid what developed into a surprisingly successful visit to Lima. Against this backdrop, Greene's second visit in mid-June found the Peruvian Government willing to talk, but still bemused by the continued easy availability of credit from the International Banking Community and by expectations of support from the IBRD Consultative group meeting in Paris. Nonferrous metal prices were high, and the prospects of increased copper and petroleum output by 1977 or earlier were buoyant. The two sides remained far apart. In the meantime, during meetings in Lima aimed at restructuring of the OAS, Peru took the lead in taking positions contrary to those of the United States.

7. The situation had changed only slightly when Green next visited in mid-August, although it was clear that the government continued to be concerned by internal unrest. Some deportations had taken place, and the government felt impelled to stage a demonstration by *Campe-sinos* in favor of land reform to counter dissatisfaction among medium and small farmers. With high prices for imported wheat and continued poor prospects for fishmeal, the balance of payments picture was also less favorable. It was in this context that the Peruvian Government finally agreed to the carefully worded text of a formal public announcement of the negotiations which was released on August 9. Peru also upped its offer from \$5 million to \$40 million. Nevertheless, the government was seemingly in no haste to pursue negotiations, and early September found Prime Minister Mercado at a meeting in Caracas of Inter-American Army Chiefs of Staff and Foreign Minister de la Flor in Algiers at a nonaligned conference, where both took stridently anti-U.S. positions.

8. Green's fourth visit took place in late September. In the meantime, the government had been forced to reassure the small and medium farmers, whose discontent had become more pronounced; more important, the Allende regime in Chile had been overthrown. Thus, while Greene found the Cabinet in general and Velasco in particular highly exercised over an offensive public announcement by the Cerro Corporation, substantial progress was made; so much so that detailed negotiations on the text of an agreement could get underway in earnest. In retrospect, it is probable that this stage marked an important turning point as the Cabinet realized that an agreement would bring major benefits to Peru, while failure of the negotiations could entail continued U.S. obstruction of development financing for Peru.

9. Further visits in the early parts of November and December saw additional progress, in particular, a considerable narrowing of differences over the amount of the financial settlement, against the background of renewed disturbances in the South, growing Peruvian concern at the adverse impact of the world energy crisis, and Velasco's acknowledgement that Peru had purchased Soviet tanks. On December 20, the Foreign Minister even confided to the Ambassador that he hoped the agreement could be concluded before the end of the year. (He was almost certainly motivated by the fact that the nationalization of Cerro de Pasco on January 1 was then a foregone conclusion and he feared the U.S. might regard that action as a provocation and overturn the agreement.)

10. In early January, Greene wrote the Prime Minister to suggest a compromise formula on the financial settlement, which was accepted. Nevertheless, there ensued considerable skirmishing over the exact amount of the remittances, including a major problem involving a \$9 million claim against Cerro de Pasco which surfaced only on January 15, and it was necessary for Greene to enter into one last negotiating session on February 7, 1974 to make it plain that unless these issues were satisfactorily resolved, no agreement could be concluded. Most of the difficulties appear to have been created by middle and upper level bureaucrats either concerned about their future legal liability or seeking to be obstructive, and were worrisomely reminiscent of the difficulties which had frustrated Belaunde in his efforts to reach agreement with IPC.

11. However, by this time it was clear that the Peruvian Government was determined (at the insistence of President Velasco, it is rumored) on an agreement, and at a Cabinet meeting on February 12 the final package was approved. (Even at this stage there was some opposition, and the vote on the resolution of the Cerro issue was nine in favor to four against, including Foreign Minister de la Flor.) And, we presume, Minister of Energy and Mines Fernandez Maldonado and the representative of Minister of Transport and Communications Meneses finally, after a frenzied week of activity, innumerable loose ends—some of considerable com-

plexity—were tied up, and the agreement was signed on February 19, coincidentally just the day before the Foreign Ministers' meeting with Secretary Kissinger in Mexico, although the U.S. press has speculated that the timing was at U.S. urging, it was actually the Peruvian side that displayed the most anxiety to bring the negotiations to a rapid and successful conclusion.

12. Was there a turning point in the foregoing series of events at which Velasco decided that an agreement with the United States was in his interest? Or were there a series of points at which minor decisions were made and which taken cumulatively gradually nudged the matter toward conclusion? The latter seems the most plausible, with the shock of Allende's downfall providing the final, irreversible impetus. Within this context, several motivating concerns suggest themselves:

A. Allende's overthrow, there can be no doubt, came as a deep shock to the Revolutionary Government. With Argentina apparently drifting somewhat to the right under the leadership of Peron, Peru suddenly became isolated with only Cuba (and to a certain extent, Panama) for company on the leftward end of the Hemispheric spectrum. The specter of a similar event taking place in Peru was chilling and impelled the Peruvian Government to take steps to protect its flanks, including importantly the removal of a major irritant in its relations with the U.S. Peru was also no doubt concerned by the prospect of a relieved United States rushing to render economic and military assistance to the Chilean Junta. Further, the reduced likelihood of the U.S. becoming a potential antagonist would also be reassuring to someone who thinks, as Velasco probably does, that the U.S. Government has more than a little to do with Allende's overthrow. Reports that Cuban leaders, motivated by fear of losing a friendly regime in Peru as well as in Chile, have urged Velasco not to further antagonize the U.S. lend credence to this belief.

B. Related to the foregoing was undoubtedly Velasco's concern that "revolution with stability," the central theme of his administration, be maintained. There were many indications that the government, particularly after Allende's end, felt itself beleaguered on both left and right, and that the domestic disturbances, as a sign of growing public discontent, were the sources of considerable worry. Stresses have also been apparent within the Cabinet. The Navy in particular, was disturbed by the nationalization of the Fishmeal Industry and by Velasco's attacks on freedom of the press, while on the left some generals had led the government to take exposed positions from which it had subsequently had to retreat. These considerations probably assumed importance some time before Greene's second visit in August. Further, Secretary Rogers' visit, which ended very warmly after a cool start, probably also encouraged the government to the view that the settlement of differences with the U.S. could contribute to stability at a time when other props were beginning to appear uncertain.

C. Another Peruvian concern which grew in intensity after Greene's second visit in August stemmed from increasing strains on the Peruvian economy. The Cabinet was shaken by Greene's point in one negotiating session that, with the exception of preparatory work at Cauajone, there had been no Major Foreign Investment in Peru for the past several years. Peru's balance of payments problems also appeared more serious as the energy crisis added some \$100 million to estimated import costs. (On the other side of the coin is the fact that higher than anticipated copper prices made the acquisition of Cerro a more attractive economic proposition.) Resolution of investment disputes with the U.S. would improve Peru's international credit rating, could increase confidence, and could open the door not only to U.S. credits through the Export Import Bank and possibly CCC, but also would lead to a more cooperative U.S. attitude in International Financial Institutions. This last point was underscored when in early September the U.S. agreed to let two IDB loans go forward for Peru. (Approval of two IBRD loans, one in August and one in November, also helped to make this point.) It is interesting in this connection to note that, beginning with Greene's fourth visit in late September, the Cabinet became much more responsive to his suggestions of the positive benefits that could accrue to Peru from reaching an agreement.

D. Velasco may also have perceived in an agreement a counterbalance to Peru's relations with the Soviets. As previously reported, an analysis of available facts has left the Embassy to believe that Peru's decision to buy Soviet tanks was probably reached in late 1972 or early 1973. This may have been an element in Velasco's decision to pursue President Nixon's proposal conveyed by Greene in February 1973. (On the other hand, it is also arguable that the Peruvian Military, disgruntled by the inability or unwillingness of the U.S. to supply requested arms, believed that the Soviet purchase was fully justified and that the government felt no compunction to make a compensating gesture toward the United States.) In any event, improvement of relations with the U.S. could have the effect of disarming some criticism from the right—particularly within the Cabinet—while the tank purchase would maintain Velasco's leftist credentials. In late December, when Velasco first publicly acknowledged that Peru had bought the tanks, the thought must have occurred that subsequent agreement on investment with the U.S. would serve as public notice of U.S. acceptance of the fact.

E. Finally, and perhaps more tenuous, is the probability that Velasco has begun to worry over his succession as well as assuring the permanency of the social and economic changes over which he has presided. There have recently been indications of further health problems which no doubt heighten his sense of morality. Agreement with the U.S. would place a welcome stamp of respectability and even of acceptance on the Peruvian Revolution. If, before he leaves office, Velasco were to

pay an official visit to the U.S., he could well feel that a further important step toward legitimizing the Peruvian Revolution as neither capitalist nor communist had been taken.

13. From the U.S. point of view, the agreement may properly be regarded as a significant achievement. It serves to reaffirm the principle of adequate compensation for expropriated properties. It removes a major irritant in relations with Peru, one of the Hemisphere's shrillest and most persistent U.S. critics. As an accommodation with a sometime antagonist, it is consistent with the fresh start the U.S. is seeking to make in Latin America.

14. There are indications that the Government of Peru views the agreement from a different perspective. Since it constitutes an intergovernmental quitclaim, the Peruvian Government may think it well worth the price to know that, even in the event of a counterrevolution, there will be no return of any expropriated property as occurred in Chile. It constitutes visible evidence for domestic as well as external consumption that the U.S. accepts Peru's right to expropriate. It also opens the door to additional sources of financing, and there is no doubt that the U.S. will be expected to play a more constructive role, including taking an active—if not leading—part in the next meeting of the IBRD consultative group. Peru will almost certainly feel misled if the U.S. does not. Finally, while the Government of Peru no doubt also welcomes the removal of a serious irritant in its relations with a major world power, there is no indication that it also necessarily welcomes the agreement as an opportunity for a general rapprochement, either bilaterally or within the OAS (or other multilateral) context, with the United States. Indeed, there is a reason to believe that, inasmuch as in the government's view the agreement neutralizes a potential threat, it further frees the government to pursue an independent international course. As recently as February 28, for example, Prime Minister Mercado emphasized to a public audience that Peru and the United States, as less developed and developed countries, respectively, could by definition have no interests in common.

15. While much of the foregoing is speculation, it is apparent that there was a great deal in the investment disputes settlement to make it attractive to Velasco's Peru, quite apart from the fact that the value of the assets Peru received far exceeded \$76 million. As Velasco looks about him at the present state of Argentina, Chile and even Cuba, he must derive some satisfaction at the relative success and stability which has accompanied his own revolution, a state of affairs to which the February 19 agreement with the United States has made a further contribution.

16. Request Department consider whether this report should remain limdis or be given wider distribution to include other interested Washington agencies. Department may also wish to consider lateral distribution in field, particularly to other ARA posts.

Belcher

297. Telegram 86749 From the Department of State to the Embassy in Peru¹

Washington, April 27, 1974, 1734Z.

86749. Subject: Letter to Foreign Minister of Peru

1. Please arrange for the following letter from the Secretary to be passed to Foreign Minister de la Flor at the earliest possible time.

2. Begin text. Dear Miguel Angel: Before I depart Washington for the Middle East this weekend, I want to tell you once again how much I enjoyed being with you in both Washington and Atlanta this past week.

3. In my view, the meeting of Foreign Ministers in Washington worked out very well. I think it served to strengthen our dialogue, to define the issues more clearly, and to launch the kind of analytical and technical work program we need in order to find solutions to some of the problems we have been considering—I look forward to continuing working closely and personally with you during the months ahead as we strive to improve Inter-American relationships still further and greatly increase our progress towards common objectives.

4. When we met privately in Atlanta, you asked for my help in obtaining supplies of wheat and urea fertilizer for Peru. Since my return to Washington, I have looked into this and, in the case of wheat, have made arrangements for the Commodity Credit Corporation (CCC) to extend credit to Peru immediately for 100,000 tons of new crop wheat. As you know there have been sharp cutbacks in this program, so this will be an exception to the CCC's current policy—an exception which I have arranged on the basis of our conversation. You should have your Embassy here in Washington make the application directly to Mr. Clayton Yeutter, Assistant Secretary for International Affairs and Commodity Programs, in our Department of Agriculture.

5. Unfortunately, the outlook for urea fertilizer is far less encouraging. I am informed that urea is in very short supply. However, there may be some possibility that we could help Peru arrange for commercial

¹ Summary: Following up on meetings with de la Flor during multilateral meetings in Washington and Atlanta, Kissinger informed the Peruvian Foreign Minister that he had arranged for CCC credits for wheat for Peru.

Source: National Archives, RG 59, Central Foreign Policy File, P850093-2277. Secret; Immediate; Nodis. Drafted by Kubisch; cleared by Enders, Butz, Simon and Dunlop; approved by Kissinger. On April 17, Kissinger and de la Flor met in Washington, and discussed Latin American regional issues, economic assistance, and Middle Eastern issues. (Ibid., P820043-1933) A record of the Kissinger-de la Flor meeting in Atlanta has not been found. Kissinger and de la Flor were in Washington for a meeting of the hemisphere's Foreign Ministers and in Atlanta for a meeting of the OASGA.

contracts for some small lots of urea. We would be more than happy to assist Peruvian purchasing agents in attempting to locate supplies for delivery later in the year, after our peak demand season in the United States. If you would like further help on this, please let me know, or, if you prefer, have your Embassy or purchasing agent in the United States get in touch with Jack Kubisch and I will leave instructions for him on this matter.

6. On another subject, we have passed word to the Chilean authorities in Santiago that we understand Mexico would be willing to offer asylum to Clodomiro Almeyda and Orlando Letelier and ensure that they did not engage in any political activity. I will let you know when and if I hear anything further from them on this.

7. Once again, thanks for all your help in both Washington and Atlanta. It is always a very special personal pleasure for me to see and be with you. With warmest regards, Henry. End text.

Kissinger

298. Memorandum of Conversation¹

Washington, August 22, 1974, 5 p.m.

PARTICIPANTS

PERU:

Foreign Minister de la Flor
Minister of Energy Fernandez-Maldonado
Ambassador Berckemeyer
Foreign Ministry Spokesman Faura

U.S.:

The Secretary
Deputy Assistant Secretary Shlaudeman
Sandy Pringle, ARA/EP, Notetaker
Neil Seidenman, OPR/LS, Interpreter

¹ Summary: Kissinger, de la Flor, and Fernández Maldonado discussed the future of U.S. policy towards Latin America and a possible Export-Import Bank loan for a pipeline project in Peru.

Source: National Archives, RG 59, Central Foreign Policy File, P820097–1190. Confidential; Exdis. Drafted by Pringle. The meeting took place in Kissinger's office at the Department of State. In telegram 185626 to Lima, August 23, the Department sent a summary of the memorandum of conversation to the Embassy. (Ibid., D740233–0926) Kissinger's September 23 speech is in the Department of State *Bulletin*, October 14, 1974, pp. 498–504.

Secretary Kissinger greeted the Foreign Minister and, after photographs of the two were taken, the group was seated.

Foreign Minister de la Flor: It is a great pleasure for me to see you again and to express, as I did by letter, my great pleasure that you are remaining as Secretary of State in the Ford administration. I am gratified personally, and I am pleased as Foreign Minister—it means the new dialogue will continue.

The Secretary: I called attention to the new dialogue in my speech to the American Legion Convention a few days ago. I didn't say much about it, but it was a key point.

I hope to arrange a dinner with all of the Latin American Foreign Ministers at New York next month. When will you be in New York?

Foreign Minister de la Flor: About the 19th to the 26th. And you?

The Secretary: On the 21st or 22nd for about three days and again the following week for about three days.

Foreign Minister de la Flor: Do you speak on the 23rd?

The Secretary: Yes, do you speak right after me again?

Foreign Minister de la Flor: I don't want to speak right after you. You're hard to follow—you get too much applause.

The Secretary: Yours was a bloodcurdling speech—and given in uniform.

Foreign Minister de la Flor: I have to wear my uniform for speeches.

The Secretary: You addressed yourself to the subject of imperialism, as I recall.

Foreign Minister de la Flor: I remember our meetings in Atlanta with pleasure.

The Secretary: Yes, and I remember our private talk there also.

Foreign Minister de la Flor: I greatly appreciate, as I wrote you, your help in arranging the CCC wheat credit for Peru.

The Secretary: One of the important things about personal relationships is that we can cut through bureaucratic redtape.

Foreign Minister de la Flor: Yes, we have had long talks about bureaucracy.

You're very busy, so I'll get right down to business.

The Secretary: In contrast to the usual mode of procedure.

Foreign Minister de la Flor: First I wish to repeat the invitation to you and Mrs. Kissinger to visit Peru. We hope you will definitely come later this year.

The Secretary: I will visit Peru on my first trip to South America.

Foreign Minister de la Flor: This year?

The Secretary: I hope it will be late this year or early next—certainly before the Meeting of Foreign Ministers in March.

Foreign Minister de la Flor: I am in Washington accompanying a mission headed by the Minister of Energy and Mines; our purpose is to obtain financing for a petroleum pipeline. We will go from here to San Francisco and Tokyo. We are arranging for an important loan from Japan. However, due to inflation, higher petroleum costs and other factors, we will also need additional credits of approximately \$250 million. We have talked to the Export Import Bank, which is well disposed toward helping us, and with private American banks. The private banks have made known to us the importance which they attach to the participation and support of the Export Import Bank.

The Secretary: Is there any problem?

Mr. Shlaudeman: There may be with respect to lack of data, but we are prepared to move the matter along toward a decision.

Energy Minister Fernandez-Maldonado: I wish to express my pleasure in meeting you and my satisfaction that you are continuing in office. Warm congratulations.

The Secretary: This will bankrupt me.

Foreign Minister de la Flor: No, never.

Energy Minister Fernandez-Maldonado: The construction of the petroleum pipeline from the jungle to the coast is of greatest importance to Peru. We hope to complete it by July 1976. In this regard we will be gratified for any help from the Export Import Bank.

The Secretary: I will have to look into this matter from the financial point of view.

From the foreign policy point of view, I will support it strongly.

Is there a problem?

Mr. Shlaudeman: Only with respect to data regarding proven oil reserves, as far as I know.

The Secretary: What is the cost?

Mr. Shlaudeman: It is a major project. The cost is over \$500 million, of which about \$200 million would be U.S. goods and services.

Energy Minister Fernandez-Maldonado: We will be providing additional data to the Export Import Bank. U.S. experts have worked on this, and Petroperu is preparing reports on reserves which I am sure will justify the loans.

The Secretary: When do you need a decision?

Energy Minister Fernandez-Maldonado: The matter is very far advanced. The pipe has been purchased, and some equipment has already arrived in Peru. We are fighting against time and need a decision as soon as possible.

Foreign Minister de la Flor: There was a meeting with the Export Import Bank today. The Bank has two questions for us: 1) Exactly what U.S. private and Export Import Bank participation is Peru seeking? 2) Precisely what information does Peru have on oil reserves? There is some uncertainty in the Bank as to these matters. We will be able to answer the first question after we return from Japan at the end of the month. Our technical experts will be able to provide the data on reserves by mid-September.

The Secretary: We will keep a friendly eye on it. "Friendly eye" means we will hold down the number of committees. I don't know how your Ministry works but let me tell you about mine. I received a memo a few days ago signed by seven officers recommending that I call a Senator on some matter. Then I learned they had already called the Senator's assistant to tell him what I was going to say.

That's the truth—my imagination isn't up to inventing it.

Foreign Minister de la Flor: The fact that we have two ministers on the mission shows the importance we attach to the pipeline and how much we wish to avoid all possible delay—time is money.

The Secretary: We will give you any support we can.

Foreign Minister de la Flor: We are grateful. It shows once more how important Dr. Kissinger is to Latin America and to Peru.

The Secretary: I have very deep feelings for Latin America as well as personal respect for the Foreign Minister—partly because he intimidates me.

Foreign Minister de la Flor: But I have come without my uniform. With your moral and material support we feel much better.

There is one more matter of great importance to Peru and the Hemisphere which I wish to raise. At the present time the region is polarized into two groups because of two rival candidacies for the OAS Secretary Generalship. At Atlanta I spoke to you about Peru's very distinguished and able candidate, Carlos Garcia Bedoya, whom you know. He could give strength and leadership to the OAS. We have promises of some votes for him on the first ballot and others for the second ballot. In the present polarized situation, we would very much like to have U.S. support for Peru's candidate.

The Secretary: Do we have a candidate? When is the vote?

Mr. Shlaudeman: No candidate and no position. The vote is in April.

The Secretary: I will look into it and let you know. Nobody has put up my name as a candidate?

Foreign Minister de la Flor: You are our permanent candidate. Permit me to give this small remembrance to you and Mrs. Kissinger. It is a book about ancient Peruvian ruins.

The Secretary: Thank you very much. We can talk in New York about OAS matters.

Foreign Minister de la Flor: Also MFM matters—and I hope you will be able to give us a date for your trip.

The Secretary: It may be too soon for me to be able to do that.

Foreign Minister de la Flor: (As the group reached the door to depart), I hope you are now a serious family man.

The Secretary: I'll talk to you in private about that; I don't want to lose your respect.

299. Telegram 8043 From the Embassy in Peru to the Department of State¹

Lima, September 24, 1974, 1656Z.

8043. Subject: Démarche to President Velasco on arms purchases and other matters of mutual concern. USUN for Bill Bowdler. Refs: (A) State 193548, (B) Lima's 7895, (C) Lima's 8001, (D) Lima's 8034.

1. In my call on President Velasco (September 23), I found the President to be unusually quiet, cold and uncommunicative during the first 15 to 20 minutes of our meeting. It was a rather uneasy monologue on my part as I went through a series of points I wished to make tailored insofar as possible to the existing climate here and in Washington. After referring to some of my recent travels around Peru, our last meeting during Army Secretary Callaway's visit and the frank dialogue we wished to maintain, I launched into point number one, i.e. the current flurry of news stories about US involvement in the internal affairs of

¹ Summary: Ambassador Dean reported on his conversation with Velasco regarding Soviet arms sales to Peru.

Source: Ford Library, National Security Adviser, Presidential Country Files for Latin America, Box 6, Peru—State Department Telegrams—To Secstate—Exdis. Secret; Immediate; Exdis. Repeated to Santiago and USUN. In telegram 193548 to Lima, September 4, the Department, noting reports that the Peruvian Government had entered into new credit arrangements for further Soviet arms purchases, asked the Embassy to deliver a démarche to Velasco. (National Archives, RG 59, Central Foreign Policy File, D740245–0870) In telegram 8001, September 23, Dean reported his conversation with Grojean. (Ibid., D740267–0529) "Plan Inca" refers to Velasco's plan for nationalization of significant commercial enterprises. (Telegram 6692 from Lima, August 13; National Archives, RG 59, Central Foreign Policy File, D740222–0421.) In telegram 8034 from Lima, September 24, Dean reported on three September 22 explosions in Lima on a pedestrian bridge. No damage was reported. (Ibid., D740268–0629)

Chile under Allende and a wire service report carried in the local press about alleged CIA involvement through Peace Corps representatives in rural affairs in Paraguay. Without going into any detail regarding these stories, I assured the President that our policy is the same as stated in my arrival statement and during my credentials presentation when I told him we wished Peru and his government well and were prepared to cooperate in his developmental efforts to the degree that resource availabilities permitted and without treading in any way on Peru's sovereignty or national dignity. I said this continued to be our policy and the implications or hints carried in the Peruvian press of CIA or other US interventionist efforts in aid or Peace Corps programs in Peru were absolutely untrue.

2. I then mentioned the Braniff/Aeroperu problem. I told the President of our efforts here, in Miami and Washington to assist Aeroperu in obtaining its unfettered flight permit, and of the myriad of steps leading up to the successful inauguration of its service to the US. I mentioned upcoming civil air consultations (with exact dates still being worked out), and expressed our hope that the new Braniff permit under consideration by the GOP would not place any further restrictions on Braniff which might be prejudicial to consultations, adding that the differences we might have over procedures, frequencies and routes could best be worked out during the consultations. In addition I told the President I would be discussing the same matter and making the same request to Transportation Minister Meneses a little later in the day (which I have done).

3. I next referred to the conversation that Admiral Grojean and I had Friday night (September 20) with Admiral Arce (reftel C). I told the President that I checked out the report his government had received concerning the alleged arrival of F-4's in Chile and found them to be false. I said that this type of aircraft is destined largely for NATO use and has not been authorized for sale anywhere in Latin America.

4. I referred to Admiral Arce's charge that the US was favoring Brazil and Chile over Peru, and said that this was not the case. I described to the President our even-handed policy and referred to the level of FMS credits made available to Peru and Chile (equal at \$15 million each in FY 74), and told him we had asked for \$20.5 million in credits each for Peru and Chile for FY 75: if cuts in these totals were to be made in Congress, it appeared from my reading they were more likely in the Chilean than in the Peruvian package. I told the President that we recognize that legislative and other restrictions on military sales in the past have frustrated Peruvian efforts to acquire matériel in the US (and for this reason Peru looked elsewhere) but added that since May 1973 we have been as responsive as possible and even-handed.

5. I pointed out to the President that some requests will take time to process and some (such as certain types of missiles) might not be approved because of overall policy, but this does not represent a special negative treatment of Peru's requests. I referred to Congressional interest in our arms sales and certain Congressional and press concerns over the possibility of an arms race or even a conflict between Chile and Peru. On the question of the two destroyers that Peru has requested and that Admiral Gearhard is trying to obtain for this country (which I also support), I said we were pushing this request but must recognize that there is also the question of availability, and interagency and congressional examination.

6. I congratulated the President on his arms limitation effort (moratorium), his exchange of high-level visits with neighboring countries, and his plans for a meeting of Presidents at the Ayacucho-Junin celebration scheduled for December. I allowed as how this would provide another opportunity to work out agreements and to reassure neighboring countries of Peru's desire for peace in the area.

7. During most of the foregoing the President was quiet, reserved and unresponsive. Only at one point, when I referred to Arce's charge of favoritism toward Chile did he chime in to support that charge, saying quote yes you are both feeding and arming Chile unquote. This gave me an opportunity to emphasize our even-handed policy and to point out again that except for the period of Pelly and other types of restrictions we have attempted to be as forthcoming with Peru as we have been with Chile (and this included wheat as well as weapons). Certainly we wish to do nothing to increase tensions or contribute to an arms race. To the contrary we would hope to the extent possible to help in efforts to reduce suspicions, and would be interested in any suggestions he may have in this regard.

8. After about 20 minutes' time the President finally began to open up by stating that neither the Soviets nor the Cubans nor any others are going to dominate Peru. He said that the Soviets in Peru are under control and that Peru deals with Cubans because they speak the same language and are simpaticos. He added, however, that the Cubans have little to contribute to Peru despite the admittedly numerous exchanges of official visitors that have taken place in recent times. In this regard he referred to the visit of Raul Castro, described some of the tourist attractions that Raul was shown but said there was no special significance to the visit. He said that Fidel Castro wished to visit Peru but quote this we won't permit unquote and indicated his belief that the reaction to such a visit would be negative to Peru's interests. Then the President volunteered the information that his son was returning September 23 from a week's visit to Cuba. He said, however, that this should not be given any ideological meaning because

his son (21 years old) apparently has fallen in love with a Cuban girl (I understand the daughter of the Cuban Ambassador) and had gone to Cuba to visit her.

9. Earlier I had given the President an opportunity to comment about the size of the Soviet and Cuban presence in Peru by telling him what Arce had told us, i.e. that there were some four Soviet military advisers and no Cuban military advisers. The President said nothing to confirm or deny the Soviet figures (our information indicates there are 14 not 4), but seemed to agree with Arce's statement on Cuba; he said there are no Cuban quote military advisers as such unquote. The President then reiterated what he had told me before that neither he nor his government is pro-communist. They are Nationalist Revolutionaries who get flak from both extreme right and extreme left. He said the communist party is legal but watched. He tended to attribute the noise bombs set off in Lima September 22 to the rightists—perhaps the same group that was behind the Miraflores rioting (reftel D). He then pointed to the Plan Inca which he said was not communist but a National Revolutionary effort. He said it was there for all to see and had some quote bad unquote and quote good unquote features depending on one's point of view, but it was not communist. He said the press law for one has been attacked, especially from the outside, but added it is designed to achieve objectives of the revolution, and to bring into the main stream certain classes or groups of Peruvians. I told the President that through my prisms the press law was one of the features of Plan Inca that did not fit into my concept of communication with the people, but I could see what he was trying to do.

10. I took this moment to tell the President of the concern his Plan Inca statement, especially its reference to elimination of all foreign participation in Peruvian petroleum activities, had caused US oil companies drilling in the Amazon under contract with the GOP. I told him of a meeting I had with representatives of a number of such companies who had requested the meeting to discuss their concern. I said I was able to tell them of the reassurances I had received at the ministerial and sub-ministerial levels of his government to the effect that contracts negotiated under the present government would be respected, a position which the President had also stated in a subsequent press conference. The President said this was absolutely the case.

11. I told the President that in my travels around the country and in my calls on Peruvians of all walks of life, I had occasion to call on Victor Raul Haya de la Torre, head of the Aprista Party. The President said that was a good idea and took the occasion to tell me that his relations with existing political parties in Peru are good, that many of the Christian Democrats are cooperating with him in his government, and that only one party, Accion Popular, had been proscribed for acting

outside the law. I also mentioned to the President my contacts at social and other occasions with several Ambassadors of neighboring countries from which I had been able to observe an undercurrent of some concern and suspicion with regard to other countries' intentions. I told Velasco that where I could I attempted to add perspective and to work toward conciliation and understanding—but of course my role is very limited in this area. I said the problems seem to be complicated by psychological and historical attitudes which add to mutual suspicions, especially between Peru and Chile.

12. As I left, I assured the President that we do not consider him or his government to be communist; we are not favoring one country over another, but are following an even-handed policy and are ready to work toward conciliation and against a costly arms race. He said he too hoped to avoid such a race because Peru with all of its economic problems and developmental efforts could ill afford to spend excessive quantities on arms.

13. Comment: The initial coldness shown by Velasco could have been due to any one or a combination of the main subjects of the visit—arms purchases (especially Soviet), and Peru-Chile tensions and our concerns over them, or to the report of F-4 deliveries to Chile, or to the belief that we are favoring Chile over Peru (which President also shares fully), or perhaps to Velasco's concern over Sunday night bombings, or to the press reports of CIA involvement in internal affairs of Hemisphere countries and to questions (almost allegations) re possible similar involvement here. In any case, the President thawed eventually and I am convinced that this conversation opened avenues for further discussions of these important subjects in the future and may have cleared the air somewhat. We can certainly expect the Peruvians to be alert both here and in Washington to any signs of discriminatory US treatment favoring Chile over Peru, especially in arms area. I personally believe we can be forthcoming in many ways, including supplying the two destroyers Peru has requested without upsetting the balance. In his conversation with Navy Minister Arce, Admiral Grojean pointed out that Chile got its two DD's from US before Peru because that country asked first and at a time (before the Greene agreement) when there was in fact a hold on military supplies to Peru. As the Embassy has reported, we think the odds are low on an eventual conflict over Arica and do not believe an attack by Peru is yet anything more than a contingency plan—if that. Peru is concerned over ideological differences with its neighbors and is super-sensitive to criticism of its revolutionary measures (especially its new press law) in other capitals.

14. This concern is augmented by uncertainty over armed forces unity as well as evidence of increasing political and economic dissatisfaction. Opposition to the radical trend of the revolution resulted

in the quote resignation unquote of former Navy Minister Vargas Caballero and led to rumblings within the navy. These rumblings continue below the surface and there are some signs of the same within the air force. The government must also be upset by the psychological campaign against it which followed the Miraflores riots. The September 22 noise bombs may possibly represent an effort to un-nerve the government; these bombings certainly displeased Velasco.

15. The army remains the key to Velasco's power and while united by its desire to run the state and strong with respect to the other two services, the basically moderate elements in the army are believed to outnumber by quite a bit the leftists (although the latter are more outspoken and occupy the important commands) and one of the key ministerial positions, further indicates of relative strength of these two sectors within the army (and this division is admittedly an oversimplification) may come at the end of the year when important ministerial and command changes are due. This is not to imply that Velasco is losing his grip—he is still in very firm control—but these manifestations of domestic opposition add to his suspicions and concerns.

Dean

300. Telegram 211664 From the Department of State to the Embassy in Peru¹

Washington, September 25, 1974.

211664. Subject: Secretary's Meeting With Peruvian Foreign Minister.

1. Foreign Minister de la Flor met with the Secretary in New York September 24 and raised two subjects:

¹ Summary: Kissinger, de la Flor, and other Peruvian and U.S. officials discussed arms purchases, the upcoming OAS elections, an EXIM loan, and Braniff Airlines.

Source: National Archives, RG 59, Central Foreign Policy File, [no film number]. Confidential. On May 30, the Peruvian Ministry of Transportation informed Braniff it must submit appropriate justification for its increased number of flights in 1973 and for its proposed July 1 increase in flights and pay a 20% tax on the new flights; or "work out an agreement with Aeroperu [the Peruvian National Airline] having equivalent economic value." (Telegram 119985 to Lima, June 6; *ibid.*, D740145-0478) In telegram 9245 from Lima, October 31, the Embassy informed the Department that Peru had issued an operating permit to Braniff retroactive to April 1 and valid until February 28, 1975. (*Ibid.*, D740312-0037)

A. Reporting in U.S. media on Peruvian arms purchases. De la Flor expressed concern over U.S. press reports that arms race taking place and that GOP has aggressive intent, saying reports have very negative psychological effect. They cause problems for GOP and give rise to unfounded concern in Chile. He said they all originate in U.S. and that, while he knows the Secretary cannot intervene with U.S. press, he wants the Secretary to know Peru is not purchasing arms for aggressive or revanchist purposes. He stressed GOP's desire use its resources to foster development but said Milgov has no intention of letting Peru find itself defenseless or inadequately prepared, as it had in past with disastrous consequences. The Secretary stressed desirability of all countries in area using restraint with respect to arms purchases.

B. OAS Secretary General elections. De la Flor said situation now at impasse; there are two candidates and neither has enough votes to win. Peru has extremely able candidate but does not wish to put him forward officially if he would be defeated. He requested U.S. support for Peruvian candidate. The Secretary said the U.S. has not decided in favor of anyone and that there will be ample opportunity to discuss this further before the elections take place. He promised that USG would talk to GOP again on subject before making final decision.

2. Subject of Exim Bank financing for trans-Andean pipeline was touched upon, with the Secretary observing that more economic data was needed and de la Flor stating that it would be supplied.

3. Braniff problem was discussed during period when Secretary was absent from meeting and will be subject of separate telegram. Kissinger unquote.

Ingersoll

301. Memorandum From Stephen Low of the National Security Council Staff to the President's Deputy Assistant for National Security Affairs (Scowcroft)¹

Washington, October 30, 1974.

SUBJECT

Our Posture in Peru

As I mentioned in the staff meeting, I am concerned that our posture in Peru could be exploited to our disadvantage in the event of a coup attempt there. There are increasingly insistent reports that a coup against Velasco may be mounted very soon. The latest report, from a good source, predicts that a coup attempt could take place as soon as Thursday, the 31st. These reports are given substance by the number of known explosions which have occurred recently in Lima, the public reports of corruption in high levels in the Peruvian government, and the intention recently expressed by the President to modify military retirement regulations.

If a coup occurred it would be stimulated by more moderate elements of the Navy, supported by Army and Air Force officers. There are two possible outcomes: either it would be successful, or it would be suppressed as a result of a Velasco crackdown.

On at least four recent occasions, U.S. officials or Americans known to be close to them have been informed by Peruvians in Lima that a coup was imminent. [3 lines not declassified]

In the event a coup is attempted and is successful, there will be many in this country who will see this as another in the line of U.S. interventions beginning with Bolivia in August 1971 and including Chile in September 1973, and now Peru, which have gradually eliminated the radical governments of South America. We will be asked immediately whether we had any prior knowledge of the coup and what we did with this information. If a government crackdown thwarts

¹ Summary: Low informed Scowcroft of coup plotting in Peru and recommended that Dean be advised to keep a low profile in order to maintain a posture of non-involvement.

Source: Ford Library, National Security Adviser, Presidential Country Files for Latin America, 1974-1977, Box 6, Peru, 1. Secret; Sensitive. Sent for information. Scowcroft wrote "OK" on the memorandum and initialed it. In telegram 9200 from Lima, October 30, the Embassy informed the Department of coup-plotting. (National Archives, RG 59, Central Foreign Policy File, D740310-0428) On October 31, the Department passed telegram 9200 to the directors of the USCINCO, CIA, DIA, and the Chairman of the JCS. (Telegram 239218 to USCINCSO, October 31; *ibid.*, D740310-0947) No instruction to Dean to maintain a low profile has been found.

the coup attempt, as is more likely, it is quite possible that American contacts with plotters may come to the surface and we will be charged with intervention.

In either event, it strikes me that appropriate steps should be taken very promptly to indicate to the Peruvian government that we have had reports of plotting but assuring the GOP that we immediately disassociated ourselves from such contacts and made clear we would do nothing to encourage any action of this kind. Secondly, I think the Ambassador should be warned to keep a very low profile and be willing to sacrifice reporting responsibilities for maintenance of a posture of non-involvement.

I expressed these views to ARA (both to Rogers and Shlaudeman) and to CIA. It is too late to take action now before the 31st. If that date passes without incident, I may come back to you to ask help in getting State action.

302. Telegram 8696 From the Embassy in Argentina to the Department of State¹

Buenos Aires, November 29, 1974, 1234Z.

8696. Dept for S/P; ARA and INR. Subj: Comments on Internal Peruvian Politics.

1. Summary: This cable summarizes the impressions of S/P staff member Luigi Einaudi about the internal situation in Peru today, drawing heavily on his long background and perspective on Peruvian affairs and conversations he had recently in Lima during the policy planning teams consultation with the GOP. His conclusion is essentially that the military government has entered its most serious crisis since 1968, that the crisis is likely to be prolonged into the new year, and that it is unlikely that the “Peruvian Revolution” will be able to recover its previous momentum, although the government will remain military-dominated. End summary.

2. The immediate cause of Peru’s most serious crisis since 1968, a crisis which is provoked by several simultaneous problems, is the pend-

¹ Summary: Einaudi reported on institutional and leadership divisions in the Peruvian Government.

Source: National Archives, RG 59, Central Foreign Policy File, D740346–0753. Confidential. Repeated to Lima and Santiago.

ing retirement of senior officers (Cavero, Arce, et al), who have acted as mediators between military institutions and the military government. Until now, the retirement of politically-important generals has been staggered, allowing for the relatively easy absorption of command changes. The coming retirement of a dozen senior generals forces a wholesale shakeup that naturally causes increased tension among contending factions.

3. This internal struggle is aggravated by the difficult personal positions of key members of the revolutionary inner circle, including President Velasco, whose successor may be determined by the outcome of command changes. Most affected by current developments is General Graham, Chief of the Council of Presidential Advisers (COAP), who virutally served as acting President during the incapacitation of Velasco. Graham's power, facilitated by the relative weakness of both prior Prime Ministers (Montagne and Mercado), is now under pressure for two reasons: First, Graham has little more than a year to go before retirement, meaning that unless he accedes to the presidency directly or is otherwise confirmed in his present position, he may well see his ambitions dissolve entirely; and second, the incoming Prime Minister, Army Chief of Staff Morales Bermudez, has a significant power base on his own, and is unlikely to give Graham as much scope as he has been accustomed to having in recent years.

4. The internal struggle within the military leadership thus involves both institutional questions (the relationships between the military institutions and the government) and personal rivalries (Graham vs Morales). It is further complicated by ideological tensions. Graham, like Velasco himself, and unlike some of the other members of the government (e.g. Fernandez Maldonado), is not a leftist ideologue. But he has a personal vision of a Peru radically restructured by the revolution, and is committed to a posture of continuing militance and military control. Morales, on the other hand, is somewhat more conservative and may be expected to be inclined toward a posture of revolutionary consolidation, perhaps even opening the way toward greater civilian participation in the long term, because the measures which formed the original revolutionary consensus have been largely implemented, the line between these two positions is now quite sharply drawn. On the basis of past experience, however, this dichotomy is more theoretical than real, as most military officers remain quite unideological.

5. The tensions within the government are further aggravated by the crisis with the navy. While the navy has never participated as a co-equal member in the government, the alienation of much of its officer corps creates and reflects unease within the army. Under these circumstances, active opposition from the navy could well set off polit-

cal changes in the governing group in the direction of broadened military representation.

6. Internal military tensions also take place against the backdrop of the July press law, probably the greatest miscalculation of the government since attaining power. The press law has done more than damage Peruvian international standing. For the first time, it has converted latent disaffection of important segments of the middle classes and a small but influential sector of intellectuals into open antagonism toward the government. The gravity of internal military tensions has prevented the government from adjusting to this reaction as it had so often successfully done in the past. Indeed OIGA's opposition to the government may have reflected some military opinion; its closing may be the result of a power struggle within the military rather than an attempt to control the press as such. If so, dissension within the military may now for the first time be feeding external dissension, and producing a dangerous multiplier effect.

7. Maneuvering quietly behind the scenes to take advantage of this situation is Apra, the only remaining semi-organized mass civilian organization. Repeating a long-time "carrot and stick" approach that projects an image of willingness to collaborate "within the revolution" while quietly stimulating acts to make the military feel increasingly isolated, Apra's leader Haya de la Torre hopes to strengthen the hand of military leaders who may want to give Apra a role in the government as a means of gaining popular support and consolidating the revolution. Such an "entente", however, seems relatively unlikely, as the government is already under fire for surrendering its principles on foreign contracts. An accommodation with the Apra is likely to be seen as a last resort by current military leaders, as it would gain little new military support and would smack of the revolution surrendering to habits of the past. General Odira, after all was sacked precisely for this reason in 1962.

8. It is difficult under these circumstances to evaluate the role of international tension. Government fears of "counterrevolutionaries" are undoubtedly genuine, and focus on the possibility of an incident with Chile and on the always latent fear of the CIA. Fear of possible US intervention was clearly evident during the planning consultations. Civilian Foreign Ministry officials inquired at length about the "limits" to a Latin American country's freedom of action vis-à-vis the United States, seeking to define what acts the US would consider "unacceptable" and implicitly therefore, susceptible of triggering a "Chile-style" intervention. The expulsion of the Peace Corps should be understood partly as a precaution in this context. It seems likely, however, that international pressures are also being manipulated by the governing faction to strengthen its grip, and to demonstrate domestically its continuing control of the situation.

9. The cumulative impact of these problems on the government and the society has led to a dramatic loss of confidence over the past six months. The closed and secretive nature of military politics and the uncertain international economic environment compound the above problems and feed Lima's always hyperactive rumor mill to create an atmosphere of suspicion generalized even among leading government officials outside the immediate inner circle. General Grahams' presentation to the planning group was illustrative of one dangerous consequence, even among the innermost circle. In relating the chief characteristics of the Peruvian Revolution, the "rejection of violence" was amended for the first time [garble] to read "the rejection of violence as a system." This conditional clause, which appeared underscored on the slide with which Graham presented his lecture, can only be read as an explicit warning that the government will pitilessly repress its opponents.

10. The future. Current tensions seem unlikely to abate until the denouement of the retirement process with the installation of a new governing team. By February a clearer assessment should be possible. Two conclusions, can be drawn from the above analysis: First, that in the absence of a civilian base and despite Apra's hopes, the government will continue to be military for the foreseeable future; second, though tension may abate after February, conflict over personal power and the direction of the revolution will continue and may seriously debilitate the governments capability to inspire confidence and follow coherent policies, thereby bringing the revolution, in fact if not in theory, more into line with a pragmatic dictatorship of the nationalist center.

Montllor

303. Telegram 10425 From the Embassy in Peru to the Department of State¹

Lima, December 11, 1974, 1111Z.

10425. Department Pass S/PC for Einaudi. Subject: The United States and the Peruvian Revolution.

¹ Summary: The Embassy transmitted an analysis of the long-term implications of Peru's 1968 revolution.

Source: National Archives, RG 59, Central Foreign Policy File, D740359-0838. Secret.

Summary: This message reviews the Peruvian revolution, American interests, and problems affecting our relations. With the signature last February of the agreement resolving outstanding investment disputes, we expected that relations would improve markedly and they did to some extent. However, at the same time, the Velasco Government has recently adopted a number of radical measures. Faced with mounting domestic opposition and economic problems it has become prone to blame the United States (the CIA and external conspiracies) for many of its troubles any may be inclined to reduce further the United States presence, official and unofficial, in this country. U.S.-Peruvian relations appear designed to undergo continual strains as the Peruvian Government broadens and deepens the Peruvian Revolution. We cannot now say how new ministers taking office will influence the general course or specific policies of the revolution. However, the basic thrust and objectives of the revolution are in any event expected to be pursued by the new ministerial team under Velasco's direction. End summary

1. The Peruvian Revolution. In 1968, with popular support, President Velasco overthrew his predecessor (President Fernando Belaunde) and ushered in a series of sweeping, nationalistic changes. Velasco set out to assert Peru's economic and cultural independence by drastically reducing traditional foreign (primarily U.S.) influences in Peru while expanding ties with the communist countries. He also undertook to restructure society, sharply curtailing the Peruvian private sector and dismantling the parliamentary system which existed in Peru. The revolution has declared that it favors state and worker-controlled (social property) enterprises, and promised to reorganize society on a "participatory" basis suggestive of corporatism. It has applied a far-reaching program to redistribute virtually all of the large estates. The Peruvian reforms have been enacted by a military government which shows no signs of relinquishing its control of Peru. In the course of this year, the government has all but abolished an independent press and purged the navy of ranking moderates. The government has also become preoccupied with domestic and alleged foreign opposition. The regime says it sees CIA's hand behind many of its troubles, which tactic also is a useful device to cow its domestic opponents. The worsening world economic situation has exacerbated the government's headaches as inflationary pressures have compounded domestic discontent with over six years of Velasco rule. The President at 64, and with a history of serious circulatory disorders, has grown more arbitrary and apparently is bent on pushing through more radical measures during his remaining time. So far, Velasco's opponents have not shown themselves capable of challenging his rule, although recently there have been a few scattered but inconclusive reports that the army—which has the final say on how Peru is run—may be tiring of Velasco. Even so, the

United States must continue to deal with Velasco and face the prospect that, advised as he is by a coterie of leftist military and civilian advisors, he will continue to whittle away at our interests and presence unless Prime Minister Designate Morales Bermudez serves as a moderating influence. Concern exists also about Peru's revanchist intentions toward Chile. Since the inception of the revolution, the Peruvian Armed Forces have spent heavily on weapons and become the first South American Military Forces to acquire Soviet arms. It seems highly illogical for Peru to embark on a military adventure against Chile but GOP arms purchases and the unpredictable behavior of President Velasco are worrisome. Although improbable, a war by miscalculation cannot be ruled out because of the increased Peruvian and Chilean military presence in the border area, where an incident might get out of control.

2. American interests

(A) The security field. The United States predominant role in hemispheric security is being challenged by Peru which has assumed leadership in questioning the validity of the Rio Pact, as it now stands, and has purchased Soviet arms (up to now 200 or more Soviet tanks and a few helicopters). Concern arises over what use Peru might put its Soviet arms to, whether more Soviet weaponry might not be acquired, and over Soviet intentions. Peru continues to express interest in American weaponry, and will be receiving shortly 131 armored personnel carriers, S2E antisubmarine surveillance aircraft, 24 A-37B jet trainers and other U.S. matériel. In addition, Peru is anxious to purchase an additional 280 armored carriers and appears seriously interested in F5E jet fighters.

(B) The economic field. Peru is rich in minerals (copper, lead, zinc, and possibly exportable quantities of petroleum). U.S. investment in the extractive field totals well over a billion dollars; \$50 to \$100 million is invested in other areas. In 1973, U.S. exports to Peru totalled \$413 million, which represents over 30 percent of Peru's imports. Peru has become a champion of raw material producers' organizations, notably the Copper Producers' Organization (CIPEC), and has announced that it will seek eventual full control of mining and carry out all petroleum operating in Peru.

(C) The political field. Since 1968, Peru has espoused a "third world" foreign policy, voting often but not always against us in the United Nations, Organization of American States and other world forums. Peru has a vice-presidency in the non-aligned conference organization and plans to host NAC meeting in 1975. Peru is also a vocal advocate of the 200-mile territorial sea position and has, in the past, captured U.S. fishing boats. The last seizure took place in early 1973. This country is a major producer of coca and we are making a serious effort here to try to stop the illicit flow of narcotics to the United States; Peru has been cooperative in this regard.

3. Bilateral Questions

(A) The American presence. Nationalism verging on xenophobia is motivating force in the Peruvian Revolution. To some extent, this means a return to Peruvian sources of inspiration as the country exalts its Inca heritage and downgrades Spanish and more recent American influences. In practice, the Revolution has drawn on Yugoslav and Cuban precepts among others, a mix served up by Peru's leftist intelligentsia with close ties to key military leaders. Peru seeks to diminish the role of private enterprise and to limit individual liberties, substituting for parliamentary democracy a system founded on organized "bases" such as campesinos [trade?] workers. Peru rejects democracy as the U.S. understands it as unsuited to the task of incorporating the "zmarginados" (dispossessed) into the social order. The totality of U.S. influences brought to bear on Peru may be decreed by GOP to be antithetical to these tenets of the Peruvian "process". In order to reduce U.S. influence, the revolution seems to be seeking to limit our presence. The expulsion of the peace corps probably represents an effort to purge the country of "alienating" foreign influences notwithstanding the government-controlled press charge that the volunteers were spies. Next to go could be missionary groups, such as the Mormons, and even USIS binational centers. There may also be an attempt to close or limit the activities of foreign news agencies, including AP and UPI. GOP attitudes toward aid are ambivalent, particularly in the presidential palace and to much lesser extent in the technical ministries. There was a report that President Velasco wanted to turn down a recent \$10 million rural development loan. In any event, the GOP accepted the loan and gave it widespread, favorable publicity. Finally, there is Peru's CIA syndrome. President Velasco and his supporters, surveying admitted U.S. actions in Chile and the recent declarations of CIA Director Colby, and in need of a whipping boy, have turned on the CIA—though without turning up any evidence whatsoever of misbehavior. USG protestations of innocence, both public and private, have so far fallen largely on deaf ears.

(B) Military cooperation. The United States seeks to maintain close military ties with Peru in order to limit communist country influence in the field of defense and maintain a relationship with an institution that has dominated Peru's independent history. However, due to U.S. Congressional restrictions and our own perceptions of what Peru needs or does not need, our military relations have been uneven despite Peru's traditional preference for American training and hardware. In 1967, the USG refused to sell supersonic jet aircraft to Peru; the GOP bought Mirages. In 1973, after FMS credits had been turned off and on, due to fishing boat seizures, and due also to unbeatable prices, Peru purchased Soviet tanks. Today, we are holding up a Peruvian request to make a second purchase of armored personnel carriers after they already bought

130 from the U.S. We are also hesitant to provide Peru (and Latin America) with a variety of weapons such as TOW anti-tank missiles and helicopter gunships. While we might invoke security grounds for not providing some weapons systems, in other cases the GOP can perceive that we are acting paternalistically as far as Peru is concerned e.g. the lack of approval for more APC's. In Peru's eyes, our unwillingness to contribute to the Peru/Chile arms imbalance constitutes interference in their security affairs and disregards Peru's other concerns about its borders with Brazil and Ecuador. Furthermore, if Peru can afford to buy something, why should the USG refuse to sell? The Peruvians may otherwise again respond by shopping in the USSR or Europe. (The former's political motives and the latter's credit terms also vex the Peruvians, who may wind up irritated with all their arms suppliers.) Given U.S. policy of treating Peru and Chile evenhandedly, we must simply bear with Peruvian grievances. Despite our ups and downs, they give few signs of wanting to dispense with U.S. arms or become dependent on the Soviets. This might not be the case if the United States refused to provide a modest (current FMS levels) amount of military credits to Peru because of a possible Congressional ban on military credits for Chile. Such a policy might precipitate the further radicalization of Peru. It would needlessly alienate those professional military who see arms acquisition not in political terms but as a means to fulfill their duty of defending the country.

(C) Peru/Chile rivalry. It is impossible to disassociate U.S. arms assistance from Peru's rivalry with Chile. Any military aid to Chile is resented in Peru. Delays on Peruvian requests are interpreted as favoritism toward Chile. We must live with accusations by either side that we are unfair. More worrisome is the potential threat to hemispheric peace posed by Peruvian matériel superiority over Chile, particularly if additional Soviet arms or, for that matter, arms from any origin, further increase that superiority. The Embassy does not believe that Peru, faced with internal division, economic problems and Pinochet's fearsome (compared to Allende's) military regime, would go to war now. Unless Peruvian arms acquisitions or the stationing of its forces point more clearly in the direction of war, notwithstanding President Velasco's penchant for dramatic action, at this juncture the Embassy discounts the likelihood of warfare deliberately begun by Peru. Should it occur, there is a possibility that Chile would seek American mediation. Peru would probably prefer to have the problem aired before its "third world" friends at the U.N. The Peru/Chile situation is an endemic contingency which must be watched continually.

(D) Future nationalizations. The Revolution's Inca ban, published in July, states unequivocally Peru's intention to control its mineral wealth. This probably means the eventual nationalization of two large American mining enterprises: Marcona (iron) and Southern Peru (cop-

per). Miners' Unions to the left of the government are calling for their immediate expropriation. Nevertheless, development needs for foreign capital temper the government's demands and it appears more likely that Peru will negotiate Marcona's amicable takeover while biding its time with Southern Peru. In the petroleum field, service contracts with the U.S. oil companies will probably be respected pending a hoped for but by no means assured petroleum bonanza. Paer can be counted on to bargain hard with U.S. mineral companies, while keeping an eye cocked to foreign credit markets so as not to close external capital doors. The realization that the communist countires cannot supplant western capital purveyors is a further restraint on rash action.

(E) Foreign economic policy. A champion of raw material producers' organizations such as CIPEC (copper) and OPEC (petroleum), Peru subscribes to efforts to artificially raise mineral resource prices. Each and every time the United States threatens to try to hold down such prices, Peru will react as a "third world" country and accuse us of engaging in economic aggression. This appears to be an area where Peru will be intransigent. In general terms, it leads the chorus in denouncing multinational corporations and supports the Latin hard line on the transfer of science and technology. In its policy toward foreign investment, it resists any significant liberalization of the Andean Pact's decision 24 and applies these regulations more stringently than other members of the Pact. It adheres to the Calvo doctrine and reacts strongly against real or imagined infringement of economic sovereignty. When local critics charged that provisions for foreign arbitration in the Japanese oil pipeline contract were in conflict with the constitution, the government charged them with being unpatriotic and counterrevolutionary. It deported some, jailed others, and closed publications where those criticisms first appeared. When an editor pointed out that, as a result of the "Greene Agreement", the GOP had tacitly exonerated IPC from several hundred millions of dollars in tax claims, the GOP closed his magazine and brought suit against him. The GOP's reaction to the payment of several million dollars to Exxon for IPC (under Greene Agreement) is likely to be equally sharp.

(F) Foreign political policy. Peru's stance on "third world" political issues still shows a little flexibility in world forums. The tendency is nonetheless to side with the Afro-Asian majority on topics such as Vietnam, the Middle East and Africa (it votes against us), and to resist joining that bloc on Korea and Cambodia (where high-level lobbying by the U.S. and others has so far gained abstentions). Within the OAS, Peru has denounced traditional U.S. primacy. It seeks to reincorporate Cuba into that body and rewrite the Rio Pact, with a provision for sanctions for economic aggression. Peru will probably favor a Latin American move to form an organization without the U.S.

(G) Fisheries dispute. Peru has shown no willingness to compromise its 200-mile territorial sea claim and appears convinced that its thesis will triumph at the Law of the Sea Conference. Peru believes that time is on its side and therefore is in no hurry for a world regime regulating this issue. The result will be that U.S. tuna boats will risk detention every fishing season, unless Peru looks the other way for reasons of its own (e.g. GOP hopes for U.S. military and economic assistance).

(H) Narcotics cooperation. The United States attaches high priority to arresting the illicit flow of narcotics to the United States from Peru, a major producer of coca. Elements of the military government are concerned over coca traffic and have cooperated with us in this field despite peasant resistance to production controls on a traditional, easily grown cash crop.

(I) Civil air negotiations. Peru's tough approach to international negotiations is manifest in the current round of civil air talks. Peru's position amounts to de facto rejection of the Bermuda principle and insistence on "equality" as measured by equivalence of operations. It regards traffic to and from Peru as an exploitable natural resource and insists that if Braniff's services are greater than Aeroperu's, then Braniff must pay for this "privilege". Peru's "take it or leave it" approach is based apparently on the belief that Braniff has more to lose as a result of curtailment of its profitable routes to Peru than does the fledgling Aeroperu. Peru expects the United States to accede to Peruvian demands. Peru appears to have been able to line up support for its policies in countries such as Ecuador and Bolivia, which increases pressures on Braniff.

(J) U.S. Bank Credits. Peru's foreign borrowing requirements in 1975 will be very high—perhaps as much as \$11 billion—if it is to maintain reasonable balance of payments equilibrium. Opinion in banking circles is divided over whether banks will be willing to acquire this much more Peruvian paper; certainly interest rates will be higher and probably repayment periods will be shorter. Peru is likely to regard a real credit squeeze as a retaliatory, capitalist action against the revolution, and Peruvian rhetoric would contribute little to improve the situation.

(K) U.S. attitudes toward the Peruvian states. Up to now, the generally nonrepressive nature of the Peruvian revolution has resulted in few outcries in the U.S. over civil liberties in Peru. With the takeover of the Peruvian press, however, the American press has begun to editorialize about the Peruvian "dictatorship". If middle class opposition and possibly terrorism grow more serious, the regime is likely to adopt tougher measures against its opponents. Such measures could stir up U.S. public opinion against Peru, as could any dramatic increase in Soviet/Cuban arms and influence.

4. Comment: Going beyond innovative reforms, which included land redistribution, the industrial community, education reform and a determination to reduce the country's dependence on outsiders (notably ourselves), in 1974 the Peruvian revolution embarked on a more radical course aimed at accelerating the creation of a new society. Peruvian ideologues speak of a new man, one who works for society as a whole and not entirely, or even largely, for individual profit. In order to reform human nature, and revolution seeks to purge Peruvian society of foreign influences. While private enterprise and western influence is chipped away, local Marxists—with major support by Soviets, Cubans and other communist countries—lend their support to the military governors, hoping to inherit the new state. The reforming zeal of the Velasco regime is real but so is its desire to hold on to power by debilitating rival power centers (political parties, the business class, land-holders, foreign interests, professional groups and unions) and incorporating the population into “participatory” groups. The first years of the revolution went more or less smoothly thanks to a reasonably united armed forces (Army, Navy, Air Force); pragmatic economic management (under Prime Minister-Designate Morales Bermudez); and high prices for Peruvian exports. There was also widespread civilian disenchantment with the way Peru had been run prior to 1968. More recently, the revolution has been marked by arbitrary rule, a divided Armed Forces (although no significant cracks have appeared in the army's unity), economic dislocation and growing opposition including limited terrorism (presumably from the fearful middle class and disgruntled navy elements).

5. President Velasco apparently has no inclination to slow the pace of the revolution and, stimulated by a left wing advisers, appears intent on restructuring Peruvian society. When things go wrong, as they are bound to in any revolution, Velasco blames foreign devils (the CIA) for many of his troubles. This bodes poorly for the U.S.-Peruvian relations. In addition, Velasco seems intent on reducing the U.S. role (our presence and interests) before his time in power runs out.

6. U.S. Peruvian relations will outlast Velasco. Pending change, we are engaged in a damage-limiting operation, one which preserves our interests and our self-respect despite a possible further reduction in our presence. The revolution has not yet penetrated deeply into society. While many reforms are probably irreversible, a new government might well seek to reduce the class divisions and xenophobia stirred up by Velasco (and Sinamos). The Army, which has the power to decide whether Velasco must go—unless illness overcomes him first—is generally moderate (albeit nationalistic and reform-minded) and leans toward U.S. technology and arms. It presumably does not want a confrontation with the U.S., nor with Chile, that might isolate Peru further in the region and risk defeat. The U.S. should sustain military cooperation at present

levels, trying to limit Peru's arms purchases by not raising present FMS credit levels and refusing to sell weaponry to Peru which might give it too decisive a military edge over Chile. (This message does not speculate about the possibility of further Peruvian arms purchases of Soviet weaponry which could force US to review our whole policy toward this country, depending on the nature of a USSR-Peru deal.) We should also try to stay in the aid game at the present momentum without increasing bilateral assistance beyond CASP levels. While not antagonizing Velasco, we should be careful not to appease him. As a strong man, he would take such a stance as a sign of weakness and probably interpret our posture as one of inability or unwillingness to check his actions against American interests. He might thereby be more tempted to damage those interests (e.g. in the economic field or in his dealings with the communist countries).

7. The question exists whether Peru might be ruled differently when pragmatic General Morales Bermudez becomes Prime Minister on February 1. A deliberate man, Morales Bermudez would probably act cautiously at first, testing Velasco's strength and testing his own popularity within the army. However, up to now, no one has been able to stand in Velasco's way and it is likely that he will continue to set the basic course of the revolution as long as he remains in power.

Dean

304. Transcript of the Secretary of State's Staff Meeting¹

Washington, February 7, 1975.

[Omitted here is discussion unrelated to Peru.]

Secretary Kissinger: That reminds me—Bill, I want a very tough protest to the Peruvians on the CIA involvement.

Mr. Rogers: All right, sir. As soon as we can get Berckemeyer.

Secretary Kissinger: And I want Anderson to say something.

Mr. Rogers: Yes.

Secretary Kissinger: Just say it's a lie and they know it's a lie.

Mr. Anderson: Yes, sir.

Secretary Kissinger: But you say it publicly.

Mr. Anderson: Yes, sir.

Mr. Rogers: I'll try to reach Berckemeyer.

Secretary Kissinger: We don't even have the capability any more! (Laughter.)

Mr. Rogers: That's what I told him. We had done it when it fizzled out too.

Secretary Kissinger: Tell him it's not women with empty pans.

What is that thing Letelier accused me of? On that, I assured him the women that were marching in Chile weren't organized by it.

[Omitted here is discussion unrelated to Peru.]

¹ Summary: Kissinger instructed Rogers and and Special Assistant for Press Relations Anderson to protest a Peruvian official's claim that the CIA was involved in unrest in Peru.

Source: National Archives, RG 59, Transcripts of Secretary of State Kissinger's Staff Meetings, Lot 78D443, Box 6, Secretary's Principals' and Regionals' Staff Meetings. Secret. In telegram 1538 from Caracas, February 7, the Embassy reported that Peruvian Ambassador Barrios Llona had stated the day before that the CIA was involved in "'just about everything that goes on in Latin America'" including recent unrest in Peru. (Ibid., Central Foreign Policy File, D750046–0082) In telegram 29385 to Lima, February 7, Rogers conveyed the Department's concern to Roca-Zela that Peruvian officials had alleged CIA intervention in Peru, adding that the allegations had no foundation. (Ibid., [no film number]) In telegram 28577 to all American Republic diplomatic posts, February 7, the Department reported Anderson's statement that Velasco's personal secretary had publicly announced that APRA and left-wing groups were responsible for the recent violence, and allegations of CIA involvement had no foundation. (Ibid.)

305. Telegram 1172 From the Embassy in Peru to the Department of State¹

Lima, February 11, 1975, 2315Z.

1172. Subject: Further Commentary on Lima Disorders.

Summary. It appears that President Velasco's hold on the country may have been damaged somewhat by the February 5–6 disorders in Lima. The Peruvian Army itself cannot yet have fully digested events and decided who must be blamed for the mishandling of the Guardia civil strike and subsequent violence. It is possible, however, to make certain observations on the police strike, the civil disorder that followed, APRA's situation, popular attitudes toward the government, the call for a popular revolutionary movement and other matters being debated by Peru's Army as it decides what, if anything, must be done to cope with anti-government feelings.

1. The police strike. The violence of February 5–6 should not have occurred. To most close observers, Peruvian and foreign, it is difficult to understand why the police did not receive a healthy raise or why the army did not provide Lima with security as soon as the police went on strike. Moreover, why did the cabinet (President Velasco) decide to use force against the police? A possible explanation may be that Velasco believed that the GC, as a paramilitary force, had to be dealt with harshly as an example to other elements of the armed forces that might be tempted to waver. He may have believed that since the GC is a relatively poor relation, severity toward them would not be resented by those elements of the three principal services that count. Apparently the army consciously decided to teach the police a lesson in obedience and tragedy ensued. Only hours before the army attacked the police, Bishop Bambaren of Lima, who was mediating the strike, was reportedly assured that violence would not take place. But it did, and, in the ensuing riots, according to official figures 86 persons were killed, 162 injured and 1,012 civilians arrested. *La Prensa* of February 11 states that 520 policemen are under arrest; and incredibly, the GOP claims there were no military or police deaths. The embassy estimates 200 deaths,

¹ Summary: The Embassy reported on anti-government activity and Velasco's degree of control in Peru.

Source: National Archives, RG 59, Central Foreign Policy File, D750050–0260. Confidential; Priority. Repeated to Bogotá, Brasília, Buenos Aires, Caracas, La Paz, Quito, Santiago, USCINCSO, DIA, and JCS. On February 12, the Department forwarded the telegram to the USUN. (Telegram 32244 to USUN, February 12; *ibid.*, [no film number]) In telegram 1271 from Lima, February 13, Dean reported on a conversation with Brousset Escobar, who maintained that Velasco remained in control of the military and that friction between him and Morales Bermudez was minimal. (*Ibid.*, D750053–0463)

including a number of policemen. The police themselves are telling friends that between 100 and 200 police died; the Embassy cannot vouch for the true figures.

2. The command structure. On February 5, after civil disorders broke out in downtown Lima, a state of emergency was declared in Peru by the cabinet. Power thereby passed from the interior ministry and other civilian authorities to the regional military commanders; in Lima-Callao's case to General Rodriguez Figueroa. According to mission sources, Rodriguez received his orders directly from Velasco, thus bypassing recently installed war Minister Morales-Bermudez. From February 5 until this date, Rodriguez' command has issued communiqués in its name on the curfew, travel, amusements, hoarding and other matters. President Velasco rules Lima through Rodriguez. Based on the limited information available to the Embassy, Prime Minister Morales-Bermudez has been largely if not entirely out of the picture so far.

3. The civil disorders. Both the army and civilian political activists were unprepared for the February 5 disorders. Assuming APRA was heavily involved, then it is moderately surprising that trouble did not take place in Trujillo and other areas of the "APRA North" part of Peru. It appears that APRA simply did not have time to react nationally to the fast-breaking events of Feb 5. The demonstrations were a popular, largely youthful lightning reaction against alleged massacres of policemen (the GOP still insists that none died) and against a series of GOP targets: the Military (the downtown military officers' club); Sinamos (its newspaper, *Correo*, and part of the building it occupies, the civic center, were gutted by fire); and *Expreso*, the most militant, pro-Moscow communist mouthpiece of the revolution (*Expreso*'s workers repulsed a mob seeking to set fire to *Expreso*'s building). Later in the day, the poor, no doubt incited by political activists, had a heyday rampaging through supermarkets and downtown stores. Car burnings added to the general confusion. Attacks on the Chancery and Sheraton appear to have been incidental to the real objectives of the demonstrators, or at least not the central objective of the large mass of the demonstrators. Finally, after over three hours of mob rule, the army rolled into downtown Lima in tanks and armored carriers, gradually restoring order over the next two days.

4. Reprisals against APRA. The government-influenced Peruvian press and Presidential Press Secretary Zimmermann have accused APRA publicly of being responsible for the civil disorders. Names have not been mentioned although *La Cronica* asserted on February 10 and 11 that the Aprista Dean of the Lima Bar Association, Carlos Enrique Ferreyros, might be involved. The "ultra" left (Maoists) and oligarchs have also been mentioned, as has CIA (see para 6). APRA is, of course,

a high priority target for the leftist and communist civilian supporters of the GOP. In addition, APRA has always been fair game for the army. In an interview with a Buenos Aires newspaper (*La Opinion*), APRA leader Haya de la Torre, who will be celebrating his 80th birthday on Feb 22, denied party complicity in the riots; he did not preclude that individuals may not have acted on their own. Any serious reprisals against APRA could provoke APRA's move to clandestinity as well as terrorism, an action which APRA has resorted to in the past. A MilGov confrontation with APRA might also threaten Peru's relations with Carlos Andres Perez' Venezuela, given what are assumed to be very strong Accion Democratica-APRA ties (Embassy Caracas might be able to shed light on current ad[ministration] attitude toward APRA).

5. APRA and Maoism. Anti-communist APRA is not the only political group which must be taken into account but also its unlikely Maoist allies (Bandera Roja and Patria Roje). Together, APRA (apparently Armando Villanueva's faction probably with Haya's quiet blessing) and the Maoists have made the SUTEP teachers union the most militant and anti-government of the large unions. Perhaps acting jointly, APRA's agitations and Maoist student leaders provoked the February 5-6 disturbances after the army incredibly had given them a popular cause. APRA is believed also in touch with Accion Popular (Belaunde's Party), which has a following in the middle class suburbs. So far, Peru's civilian opposition to Velasco has been divided. Continued Velasco rule could unite them.

6. The CIA. In Pavlovian fashion, regime apologists, from Foreign Ministry Press Spokesman Faura in Washington to Lima's *La Prensa* and *Expreso* (and Peru's Ambassador to Venezuela, Luis Barrios, Caracas 1538), suggested or flatly accused the CIA of engineering with APRA the Feb 5 disorders. However, on Feb 6, Presidential Press Secretary Zimmermann blamed APRA and the ultra left. Since then, the government-owned press has zeroed in on APRA, sometimes alleging that APRA learned its tricks from the CIA, but no longer accusing CIA of participation in the Feb 5 riots. In fact, information available to the Embassy suggests that President Velasco himself is persuaded that the CIA was not involved. Both the Department of State spokesman and the Ambassador in an Embassy communiqué have so stated categorically. Leftist editorial writes remain on the CIA wicket, nonetheless, and continue making loose charges against the USG.

7. Popular attitudes. In Lima, the unpopularity of the Velasco government rose perceptibly with the takeover of the press on July 28. Over six years of military rule and recently increasing economic problems, particularly unemployment and inflation, add to the dissatisfaction. The Army's "massacre" of policemen—demonstrating students shouted "Velasco assassin"—was what it took to suddenly, almost sponta-

neously set off Lima's crowded downtown areas against the regime. APRA and Maoist student agitators took advantage of the popular mood.

8. Pro-government civilians. Up to now, the military have refused adamantly to allow any one civilian organization to represent the revolution. The MilGov itself has wanted to create grass roots organizations but in its own, largely ineffective way through Sinamos (the social mobilization agency which was a major target of the demonstrators). The disorders of February 5–6 gave the impetus to leftist civilian desires for umbrella organizations grouping the revolution's militants. On February 9, the creation of a coordinating committee grouping popular organizations (labor centrals, industrial communities, peasants, women, youth, etc.) was announced. Communists, Trotskyites, other socialists and opportunists were all in one bag. The coordinating committee (Lima 1089) answered an undefined "call" from President Velasco and set out to defend the Revolution, assuming, among other tasks, responsibility for food supplies. On February 10, the ministry of food announced that food supply was its business; already, the coordinating committee is stepping on government toes. Undaunted, a second group of civilians has just announced the birth of the movement of the Peruvian Revolution (septel), a group composed of marxist and leftist intellectuals and journalists, headed ostensibly by Alberto Ruizz Eldredge. Sinamos and the Christian Democrats are absent. The army's reaction to these disparate bandwagons is unknown. Worried about February 5–6 popular demonstrations, civilian supporters of Velasco are anxious to group themselves. Whether the army is ready to be crowded to the left by "mass" civilian groupings, purporting to represent the campesinos and workers, is unclear. Furthermore, Peru does not appear ready for a system of Cuban style block captains and revolutionary brigades. Unless a Velasco, desperate for public support, wants to take a plunge to the left, it seems unlikely that the military will wish to permit any massive sort of movement that would polarize the country still held together in part by a conviction that the military are not communists or even Marxists.

9. Where was Velasco? Throughout last week, people asked, "where is Velasco?" There was no response, not a word from Velasco. He turned power over to his military commanders, kept in touch with them, and they restored order in Lima (General Rodriguez) and kept the lid on in the provinces. It is anyone's guess why Velasco disappeared. Perhaps, he wanted to stay above the fray. Perhaps, he wanted to prove that this is "military" rule and not Velasco rule. However, the mobs shouted insults and scribbled "death to Velasco" on walls. The President should have spoken to his followers; he did not. More than ever, the population felt ruled by a cold, impersonal force—the armed forces. General Rodriguez' communiqués were signed by his public relations

chief, a Colonel Araujo. Pundits said that Araujo became the best-known man in Peru. Velasco ruled from a distance, possibly from the well-guarded military training center (CIMP), possibly from his home at Chaclacayo or a beach house at Punta Hermosa. As Velasco told reporters at his January 29 press conference, "let them take the presidential palace. I do not live there."

10. The burden of responsibility. As noted in the summary paragraph, it is too early to know who will be blamed for the riots. The army failed to provide security for the first day and a half when Lima was stripped of police protection. Somehow the army could not believe that civilian elements in Lima might riot. The army failed to secure the city when it assaulted the police barracks. Again it was insensitive to the popular mood. But when the army rolled down the streets, order was imposed in a matter of hours. The tanks were not challenged; the army commanded. Just how long the army can go it alone is another matter. The police are needed. Accounts remain to be settled. Peru's generals must decide what is wrong; the Navy and constabulary are to some extent disaffected; the air force fence-sits. Whether the army is capable of renewing its leadership and thereby give the country new rulers is a question the Embassy cannot yet address. Velasco appears in charge, but we do not know what is being said by his generals and middle-class officers behind his back.

11. Comment. In the coming days, Mission will try to plumb the army for insights into their views on the impact of recent events on the power situation. Has Velasco been weakened? Will he remain in power or has he forfeited that right? Would War Minister Morales-Bermudez be called upon, or would a troop commander such as Rodriguez take over? The non-violent image of the Peruvian revolution has certainly suffered; following suppression of the riots longer-term repression could follow. This had previously not been the pattern of the revolution. The country must also face its economic problems with inflation sure to spark pay raise demands and labor unrest. Bilaterally, our civil air dispute with Peru might have serious repercussions on our relations. It might be the kind of foreign problem that Velasco could cite to hold his generals together. Alternatively, it could be the kind of problem that they could cite to enforce change. Again, the Embassy does not know what is going on in army councils. We shall try to learn.

Dean

306. Telegram 2060 From the Embassy in Peru to the Department of State¹

Lima, March 13, 1975, 2010Z.

2060. Subj: Assistant Secretary Rogers' Meeting with Prime Minister Morales Bermudez. Dept Please Pass to Secretary from Assistant Secretary Rogers.

1. Prime Minister Morales Bermudez received Secretary Rogers for a half-hour visit this morning (March 13) following which PriMin was to proceed immediately to nearby Chaclacayo to participate in President Velasco's meeting with UN SecGen Waldheim.

2. In his usual well-organized manner Morales Bermudez proceeded through an agenda covering several topics. He first restated comments which he said he had made yesterday to SecGen Waldheim to effect developed countries "must do more" to help Peru and other LDC's meet the current world problems of inflation and recession. He said Peru's raw materials prices have declined, mentioning copper prices particularly, and adding that Chile suffers even more on this account, while prices continue to rise for Peru's imports of manufacturers, intermediate goods, and foodstuffs. He briefly discussed Peru's twin efforts to achieve basic structural reforms and economic development. He asked that US do more than in the past to help Peru. He said, as an example, Peru is looking for buyers for its excellent-quality cotton. But he stressed that Peru's main problem now is to obtain imports at moderate prices. He later said GOP hopes for additional CCC credits to stretch out its repayment schedules for needed commodities.

3. Morales Bermudez said he was sure FonMin de la Flor had discussed TRA issues, and Secretary Rogers assured him this had been the case. PriMin said that TRA impact will be greater elsewhere in LA than in Peru, but that here, too, USG—both by seeking modifications in TRA and in trade negotiations—could do more to be of assistance to Peru and LDC's generally. Secretary Rogers discussed our interest in expanded world trade, and importance of the authority provided in TRA to executive branch to participate in the trade negotiations, which could greatly

¹ Summary: Rogers and Morales Bermúdez discussed bilateral issues.

Source: National Archives, RG 59, Central Foreign Policy File, D750089–0247. Confidential. The Peruvian national airline (Aeroperú) and Braniff Airlines had been negotiating the allocation of air routes which would serve as the basis of an agreement between U.S. and Peruvian aeronautical authorities. (Telegram 54642 to Lima, March 11; *ibid.*, [no film number]) On May 31, 1974, the Embassy of Peru requested Department approval for the sale of 280 APCs. (Memo from King to Winship, December 16, 1975; *ibid.*, P760005–1330) Due to crises in Southeast Asia and the Middle East, Kissinger's visit was postponed until 1976.

expand trade opportunities for the LDC's. He assured Morales Bermudez that USG will take LA views and interests fully into account in its MTN deliberations.

4. Morales Bermudez then turned to bilateral issues, beginning with Braniff-Aeroperu negotiations. He said he hoped negotiations can be kept at airline-to-airline level, without involving the two governments in confrontation as in the earlier expropriation cases. He considers Braniff-Aeroperu dispute to be a lesser problem (*de segundo plano*) in our relations, and recommended that the two airlines be encouraged to keep talking, looking toward an equitable solution of their respective claims. Ambassador replied that USG likewise hopes to avoid a confrontation over the civil air issue, and would welcome further airline-to-airline negotiations to help avert such a confrontation. He pointed out that governments are necessarily involved in some respects, since air routes constitute a government's rights rather than an airline's rights, and the proposed addition of New York as an Aeroperu access point involves a USG and not merely a Braniff decision. Ambassador said USG hopes to avoid placing restrictions on Aeroperu operations to US, but negotiations have not yet been successful and restrictions may have to be imposed. He emphasized that the two airlines have not even been in contact recently. He and Morales Bermudez then agreed to ask respective airline representatives to get together promptly to resume talks.

5. Morales Bermudez then referred to the long-pending request for additional 280 APC's, expressing GOP hope that they could be funded under the army portion of the \$15 million FMS program. He said GOP is in effect paying cash for the initial APC purchase, but added that if USG does not choose to approve the additional request then GOP wants to be informed accordingly so that the army's portion of the \$15 million can be applied to the initial APC purchase or used for alternative purchases. Ambassador called attention to arrival in Peru of some 90 APC's from initial purchase; Morales Bermudez acknowledged this and repeated his request re army's portion of new FMS package. PriMin then stressed that GOP has no aggressive intentions against any of its neighbors, saying emphatically that GOP does not even have any contingency plans for offensive actions (but rather only defensive plans). He said GOP needs more APC-type vehicles to defend its own large territory and its frontiers with five neighbors. He said the APC's are needed to make up for the virtual total absence of such vehicles in the past.

6. Secretary Rogers said he appreciated receiving these comments. They would be most useful in the planning for a visit by the Secretary. He mentioned that everything was contingent on developments in the Middle East but that if all went well there and a trip to Latin America could then be finally arranged it would be most useful for relations

between the two countries. Morales Bermudez said he concurred fully and would be pleased to take part in the program to be arranged for the Secretary's visit.

Dean

307. Memorandum Prepared in the Central Intelligence Agency¹

Washington, March 25, 1975.

SUBJECT

Prospects for Change in Peru's Leadership

Recent events, including the violence in Lima on February 5 and President Velasco's stroke on February 28, are creating an atmosphere of uncertainty and restlessness within the Peruvian military. We have received reports of renewed plotting and dissatisfaction among top officers and there apparently is concern at the cabinet level that important government programs are receiving insufficient attention. In this environment, we are likely to see increased pressure for Velasco to begin transferring his presidential duties to a successor. There are also likely to be new government initiatives designed to build civilian support for the regime. We do not expect any decisive resolutions of these problems very soon, but the uncertainties surrounding the President's health, coupled with his apparent unwillingness to leave office and continued disagreements over government reforms, will cause serious tensions over the next several months.

Velasco's Position

[4 lines not declassified] Velasco reportedly is resuming his duties, but if he is incapacitated again, even for a short time, we expect military

¹ Summary: The CIA discussed the succession issue in Peru and identified Morales Bermúdez as the most probable candidate to succeed Velasco.

Source: Central Intelligence Agency, Office of Support Services (DI), Job 79T00865A: Staff Notes and Memos (1975), Box 25, Folder 23, Prospects for Change in Peru's Leadership, No. 0543/75. Secret; No Foreign Dissem; Controlled Dissem. [*drafting information not declassified*] In telegram 978 from Lima, February 5, the Embassy reported on "popular riots" in Lima. (National Archives, RG 59, Central Foreign Policy File, [no film number]) In telegram 1707 from Lima, March 2, the Embassy reported that Velasco was ill, "perhaps from a brain hemorrhage or aneurism." (Ibid., D750073–0181) In telegram 1795 from Lima, March 4, the Embassy reported that Velasco suffered a mild attack, and that Morales Bermudez would assume greater powers. (Ibid., D750076–0104)

leaders to demand that he step down and be succeeded by another army officer, most likely Prime Minister Morales Bermudez. If Velasco remains in office but is unable to continue his decisive leadership, pressure for a change is likely to become acute, possibly irresistible. In any event, Velasco's reported desire to die in office rather than step down is likely to increase the sense of unrest in the officer corps, where a premium is placed on firm leadership and certainty of command. Many officers already might prefer to see Velasco step down gracefully rather than have the country continue under an ailing president.

Velasco has been the country's only president since the armed forces overthrew the previous civilian government in October 1968. During these years, he has been a strong leader and has set the tone for all major foreign and domestic policies. He has avoided designating a successor, however, or establishing precise guidelines for choosing one.² This reflects Velasco's feeling that he personally must lead the revolution, and probably a concern that any officer who had sufficient military backing would not carry through radical domestic programs with the same zeal he has exhibited.

During Velasco's serious illness in 1973, there was a great deal of maneuvering among top generals when it appeared that the President would die or be permanently incapacitated. Following his recovery, however, the succession issue has surfaced only intermittently. While there reportedly has been some plotting connected with Velasco's most recent stroke, it appears to be rather low-key compared to that of two years ago. This reflects, of course, the fact that Velasco recovered much more rapidly this time, but also seems to reflect a more sober and broader view of the situation within the military, possibly the result of recent anti-government activity. The low level of plotting in a sense reflects the attitude of Prime Minister Morales Bermudez, who unlike his predecessor is cautious and less inclined to participate in divisive plotting.

Although there are important pressures on military leaders to come to grips with the succession issue, many generals still seem to be holding back. This reflects an understandable desire to postpone consideration of a successor president while the incumbent remains in office and probably still commands widespread respect, if not active support. In addition, President Velasco's oft-demonstrated ability to parlay intraservice disagreements into political advantage has worked to prevent a serious move to displace him or designate a successor.

² The Revolutionary Statute states only that a military officer will be appointed president by unanimous vote of the Revolutionary Junta, which is composed of the three heads of the armed services. The President is not a member of the Junta, which, on paper, is the highest decision-making entity in the government. [Footnote in the source text.]

Despite these factors, it is likely that there will be continuous pressure against Velasco's remaining in power. The President can be expected to resist and some of the more radical officers and his long-time associates will probably support him. Velasco simply does not appear in as strong a position as in the past, however, not only because of his medical problems, but because many officers may blame him for much of the increasingly vocal civilian dissent that culminated in the riots on February 5. In the past year, for instance, Velasco has undertaken a number of activities that have sparked civilian dissent and disapproval by other officers. These include the takeover of all national newspapers last summer, the closure of two popular weeklies, the outlawing of a major civilian party, the forced resignation of a navy minister and a number of subordinate admirals, and the start of a sweeping socio-economic reform program that has alarmed the middle class. Then, in February, the government's overreaction to a police strike caused widespread violent demonstrations in Lima for the first time since the military took power.

Morales Bermudez

During this period, Prime Minister Morales Bermudez has emerged as the strongest candidate to succeed Velasco, for the following reasons:

- He has a reputation for competence and integrity.
- His relatively moderate political views appeal to many other officers in all three services.
- He apparently has not been involved in petty plotting during his tenure as a top government-military figure.
- He is the most likely choice to allay the military's concern for maintaining its unity and stable leadership.

Morales Bermudez seems to be aware of his strength and for the time being apparently has decided to use his authority to convince Velasco and other ministers that the time has come for the President to begin delegating his duties. At this point, a sudden move to oust Velasco by Morales Bermudez is not likely.

However it occurs, Morales Bermudez' probable elevation to the presidency is not likely to be trouble-free. Velasco apparently doubts that the Prime Minister has sufficient "revolutionary" zeal and may still support a more radical officer such as General Graham Hurtado. Graham is a long-time presidential confidant and head of the influential Presidential Advisory Council, but his support within the army does not appear strong, and his backing in the more conservative navy and air force probably is minimal. There are probably one or two other radical generals who harbor presidential ambitions but none, including Graham, commands the widespread support that Morales Bermudez apparently enjoys. Velasco probably still commands sufficient support

and respect among cabinet-level generals that he could delay Morales Bermudez' assumption of presidential duties, but time no longer appears to be on Velasco's side.

As president, Morales Bermudez would probably concentrate on consolidating rather than expanding domestic socio-economic reforms. Foreign policy, on the other hand, would remain essentially the same regardless of which general serves as president. We would expect Lima to follow its strongly nationalistic, Third World oriented policy, that has been tempered by economic realism in dealing with foreign investment and assistance. In large part, this is the result of Morales Bermudez' policies as economy minister, a post in which he served from 1969 to 1973. As President, Morales Bermudez therefore could be expected to emphasize these concerns and might be inclined to use a more cooperative approach in relations with Washington.

During its more than six years in power, the military has been unable to win the active support of the majority of civilians, despite a sincere belief that it is working in their behalf. This lack of support is based on a number of factors, the greatest being, a general apathy toward national political and economic problems; an inherent distaste for authoritarian military rule; and continued strong allegiance to traditional civilian parties that are allowed no meaningful voice in the government. Adding to this is the military's apparent paternalistic attitude that it knows what is best for the people, who cannot be trusted with the future of the country. Despite the creation of a large number of civilian-staffed bureaucracies, including one to mobilize popular support, the military government remains largely isolated from the civilian population.

In order to build civilian support and to guard against further violent unrest, President Velasco—immediately prior to his recent stroke—reportedly began the formation of a pro-government political organization.³ Although the plan envisages a long-range program of citizen education and organization, it probably has high priority as a result of the disorders on February 5. While the President's illness and convalescence may delay implementation of specific aspects of this program, there is probably sufficient support within the government to ensure that it will go ahead.

There already exist, however, serious disagreements over the scope and control of such an organization. For example, while Morales Bermudez is reportedly opposed to extensive military involvement in

³ The government has been careful to avoid reference to a pro-government political "party," since military leaders maintain a strong enmity toward traditional political parties, which they feel are largely responsible for Peru's level of socio-economic underdevelopment. [Footnote in the source text.]

politics, other cabinet ministers see this as a means of boosting their own prestige and power in the government.

A key element affecting the success of this venture is the relationship between the pro-government organization and traditional political parties. Given the gulf between the military and civilian sectors, we do not expect that any political movement run by the military in competition with other parties—which still command wide followings—will achieve its goal in the foreseeable future. The only party of any national significance that strongly supports the military is the pro-Soviet Communist Party, and there are serious limitations on its ability to drum up support for a government party.

Given Morales Bermudez' current strong position in the government, and especially as he assumes more important leadership responsibilities, we may witness a gradual increase in government-civilian intercourse through the traditional political parties, particularly the American Popular Revolutionary Alliance (APRA). APRA is the country's most popular party and commands strong support among labor and agricultural groups. While it has been anathema to the military since an outburst of violence in the 1930s, the military leadership may be maturing to the point where it will realize that accommodation is necessary to the continuation of its reform programs. This process is more likely to be speeded up under Morales Bermudez than under the command of a more radical general.

Conclusion

In sum, we expect to see increased pressure on Velasco to step down or at least give up some of his responsibilities. Velasco can be expected to resist, but time is against him; if he stays on tensions within the military will increase and gradually erode his position. If Velasco suffers another stroke or other illness that incapacitates him even temporarily, we feel that he will probably not be allowed to resume the presidency.

308. Telegram 4291 From the Embassy in Peru to the Department of State¹

Lima, May 23, 1975, 2130Z.

4291. Subj: Ambassador Meets With Foreign Minister.

1. Foreign Minister de la Flor called Ambassador to Ministry on May 22 for one and a half hour conversation. While principal topic discussed was civil air problem (septel), meeting touched on several other aspects of U.S./Peruvian relations.

2. Two U.S. protests to GOP:

A. Minister referred to two recent protests U.S. has made to GOP, the first on GOP effort to hold preliminary rump session without U.S. participation prior to OASGA, and the second over GOP's fulsome congratulations to Viet Cong for their victory over "imperialism." Both cases, he said, were instances of overreaction by a big, developed country to plausible moves by a small, less developed country. Nothing sinister should have been read into Peru's effort to call meeting preliminary to OASGA; purpose was to get Latins to talk matters over among themselves ("you know how Latins are—we like to talk."), and to undertake some advance preparation for session so that subsequent formal meetings would be more businesslike and productive. Unfortunately, U.S. officials do not understand Latin mentality (sic) and so misinterpreted Peru's efforts.

B. Turning to U.S. protest over GOP's Viet Cong recognition, de la Flor said that Acting Director General de la Puente had telephoned him that same night (May 9) to tell him of Ambassador's démarche. Minister said protest caught him completely by surprise, since he had been with Secretary Kissinger both that day and the day before, and the Secretary had made no mention of it. De la Flor granted that subject was raised during his meeting with Secretary the next day. Minister went on to defend GOP action, noting that it is consistent with GOP's third world policy and does not mean that GOP shares communist ideology. Noting the timing of the two U.S. protests, de la Flor commented that démarche on Viet Cong recognition was probably result

¹ Summary: De la Flor and Dean discussed regional and bilateral issues, including recent U.S. protests to the Peruvian Government and the expropriation of Gulf Oil.

Source: National Archives, RG 59, Central Foreign Policy File, D750182-0564. Confidential; Priority. In telegram 3973 from Lima, May 14, the Embassy reported that Peru perhaps expropriated Gulf Oil in order to strengthen its credentials in the region and the Third World, and that the expropriation could be adopted by other countries as a precedent. (Ibid., D750169-0967) In telegram 4294 from Lima, May 23, the Embassy reported on the portion of the Dean-de la Flor conversation relating to civil aviation issues. (Ibid., D750182-0601)

of U.S. unhappiness over Peru's preliminary OAS meeting and would not otherwise have been made. Ambassador said this not the case and drew Minister's attention to our similar protest to India. U.S. could be expected to make similar protest in all cases in which other countries glorify victory of communism over nations we have befriended.

3. Gulf expropriation: de la Flor said he had been disturbed by questions asked him in Washington as to whether Gulf expropriation was in response to two U.S. protests. This of course not the case. Expropriation was separate development in which, for quite distinct reasons, Peru felt it must act as it did. Minister said he had also been asked why there had been no prior consultation with U.S. This, he said, was because decision had been made in Cabinet meeting and there had been no time to consult. (Note: here Minister contradicted Acting Secretary General de la Puente, who had earlier told Ambassador that decision to expropriate was taken shortly after May 2 revelation of Gulf bribery actions.) Minister then complained that U.S. press in typical fashion had treated expropriation as confiscation; this is not the case and Peru intends make full compensation. De la Flor commented he was used to poor treatment at hands of U.S. press, but this to be expected considering fact that he dealt with difficult issues such as Cuba.

4. Peruvian press treatment of U.S.: Ambassador said that one element contributing to mood de la Flor found in Washington is that USG and business community have become sensitized by constant barrage of anti-U.S. statements on part of Peruvian press and some GOP officials. De la Flor responded that U.S. should not be so thin-skinned. After all, Press is made up of many different elements ranging all the way to Trotskyites, and these elements state their opinions freely, sometimes to the offense of other countries. U.S. is not alone. In one ten-day period, de la Flor recalled, he had received protests from the U.S., the USSR, Argentina, Chile and Yugoslavia. Ambassador responded that one big difference is that attacks on U.S. are constant and unending. De la Flor demurred, but was silent when Ambassador asked him if he could cite one recent article favorable toward United States.

5. U.S./Peruvian relations: Ambassador said that as practical matter Peru should seek to cool rhetoric in Press and by public officials while two countries seek to resolve issues between them. There are after all many areas of cooperation. Here Ambassador mentioned recent \$20-million FMS credit, hot ship destroyer transfer, sale of A-37B's and APC's, forthcoming U.S. attitude at recent Paris meeting of World Bank consultative group, U.S. aid program, etc. De la Flor listened carefully but noted that U.S. has not responded to Peru's request to buy more APC's. Ambassador pointed out that request not rejected but remains under study, and if approved Peru now had credits with which to buy them. De la Flor commented that this is all very well, but that U.S. also gives military aid,

and perhaps more of it, to Chile. Ambassador said the reverse was true—Peru is receiving aid, but Chile will not. Minister responded, “ah, but there are ways.”

6. Tension with Chile: Ambassador expressed mild surprise at de la Flor’s concern over arms purchases by Chile. He said it was his impression that Peru had made considerable progress in effort to defuse tension with Chile. Here Ambassador referred to President Velasco’s disarmament initiative, Ayacucho declaration, subsequent disarmament meetings, gestures of friendship on Peruvian/Chilean border, etc. These efforts appear to have achieved good results, and Peru is to be congratulated. De la Flor seemed pleased and mollified.

7. Visit to U.S. of Commerce Minister Arias: Ambassador asked de la Flor about Arias visit to Washington. Minister replied that Arias had told him he “had very good visit” and had remarked favorably on calls at Agriculture and Commerce. Ambassador asked why Arias had cancelled scheduled appointments at State and Treasury as well as New York visit. De la Flor said he was under impression Arias had completed Washington visit; when Ambassador said this not in fact the case, de la Flor said he “didn’t know about that”, but that Arias was exhausted by his long European trip and therefore not up to visiting New York. (Comment: this lame excuse was the only one de la Flor had for Arias’ failure to complete his program. We are puzzled by Arias’ action and cannot yet account for it.)

Dean

309. Telegram 4920 From the Embassy in Peru to the Department of State¹

Lima, June 18, 1975, 2230Z.

4920. Subject: Shifting Power in Peru.

Summary. Primarily because of doubt concerning the health of President Velasco, there has been increasing speculation about a shift of power from President Velasco to Prime Minister Morales Bermudez. Although rumors of an abrupt shift, Palace coup or at least semi-forced retirement

¹ Summary: Dean reported on speculation that if Velasco remained healthy, there would be a gradual transfer of power from Velasco to Morales Bermúdez.

Source: National Archives, RG 59, Central Foreign Policy File, D750213-0528. Confidential. Repeated to La Paz, Quito, Santiago, and USCINCSIO.

of President Velasco exist, the Embassy considers it more likely (barring rapid deterioration of Velasco's health) that the transfer of power will be a gradual process with a flow of power from President to Prime Minister. End summary.

1. A combination of events since the February assumption of the Prime Ministership by General Morales Bermudez has led to increasing speculation that a shift of power from President Velasco to Prime Minister Morales Bermudez is taking place. The February riots, continued uncertainty about the physical and mental condition of President Velasco, dimming economic prospects, especially in the petroleum area, and difficult current economic and labor situation make it necessary for the GOP to exert more forceful leadership than President Velasco is believed able to offer, and has led to speculation that Prime Minister Morales Bermudez is stepping into the breach.

2. Prime Minister Morales Bermudez has been careful to defer to President Velasco and has engaged in no usurpation of presidential prerogatives. Yet the fact that he, with the assistance of selected ministers, has been carrying out visible press conference-type "dialogues with the people" and reports that he set up an "economic policy council" composed of several ministers, which according to some has diminished the importance of the presidential advisory council (COAP), tend to enhance the position of Morales Bermudez at Velasco's expense. The Embassy also understands that Morales Bermudez is beginning to act on questions of personnel or patronage formerly reserved for Velasco.

3. Recent statements by Morales Bermudez on the need to eliminate subsidies, which up to now have been a pillar of "Velasquista" policy, and rumors that new economic austerity measures possibly including devaluation are imminent, also serve to increase speculation on a possible flow of power from President Velasco to Prime Minister Morales Bermudez.

4. The condition of President Velasco's health is the key to any sudden or dramatic power transfer. Were he in good health, there is no question but that he would currently be beyond challenge, either direct or indirect. But President Velasco's ill health has forced him to withdraw from his more active pace of 1974. His presence at the June 7 patriotic ceremonies was his first public appearance in four months. It has also been months since he held one of his famous free-wheeling press conferences. That he works a full day is doubtful. Indeed, it is generally said that his participation in Council of Ministers meetings, at least during March and April, was minimal. In spite of appearing to be in relatively good health on June 7 (Velasco in fact walked from his car to the reviewing stand), rumors about his mental and physical condition persist.

5. It is natural in Peru that any discussion of power shifts and erosion of presidential influence will include rumors of coup plots and a showdown between principals. Along with and relating to continuing rumors of impending economic decisions and possible devaluation (the latter a measure Velasco has consistently and adamantly opposed) some guesses are being made that Morales Bermudez will actually assume the presidency, perhaps before the July 28 National Celebrations. Although it is possible that Velasco could retire in glory or be retired under less than voluntary conditions, the Embassy considers that should Velasco's health remain stable the transfer of power will be a gradual process. There are several reasons for this.

6. First, Velasco's image, hammered into the Peruvian consciousness daily by the media, as father of the revolution, makes him almost unchallengeable. It would ill-behoove any army general to depose Velasco and expose himself to possible military dissension and civilian reaction. Coups can be contagious.

7. Secondly, such action may be unnecessary if Velasco, counselled by family and doctors, withdraws voluntarily from much of day-to-day decision-making. This to some extent is happening and, insofar as Velasco's participation in the decision-making process is erratic or sporadic, his declining ability automatically contributes to the slow accretion of power by Morales Bermudez. Even though such power must be exercised cautiously to avoid Velasco reaction. The Prime Minister is said to now have the solid support of key generals who expect him to ensure that necessary governmental decisions are taken. Yet Velasco still seems to reserve for himself certain controversial decisions—the Gulf expropriation is a probable example—and he could reassert himself at any time on other key issues. Thus, at this stage there seems to be unstable balance in the power equation. If it is true that Morales Bermudez can not engage in frontal challenge to Velasco, neither can Velasco with impunity remove Morales Bermudez.

8. At some time, perhaps soon, the point may be reached where Velasco will be overruled on some policy issue by Prime Minister Morales Bermudez and the Council of Ministers. That event would, of course, be evidence that a major transfer of power had taken place. From that point on the flow of power from Velasco to Morales Bermudez would be much more rapid. The composition of expected economic austerity measures could signal such a shift. It should be noted that Morales Bermudez is circumscribed as part of the revolutionary team of generals and even with Velasco out of the picture, he would not necessarily, or at least initially, have the authority Velasco exercised. Also future power struggle between moderate and more radical generals cannot be ruled out and there is no assurance that Morales Bermudez would come out on top in such a case.

9. Rather than a Palace coup, the most likely denouement of the gradual de facto transfer of decision-making which appears to be taking place would be co-existence of Morales Bermudez and Velasco until the retirement or death of the latter. The power of Prime Minister acting in council would be greatly enhanced on a de facto basis, at least temporarily, while President Velasco's role becomes more ceremonial—as the Revolution's father figure—who perhaps retains a veto power over major decisions.

10. Such a scenario avoids open confrontation and the threat that would portend for GOP stability. Velasco remains in his present position but progressively less involved in important deliberations. No one rules out, of course the possibility that Velasco might from time to time assert his will and determine key decisions, but the likelihood is that with the passage of time he will be less able to carry the day as power passes to Morales Bermudez and the other “revolutionary” generals.

Dean

310. Telegram 6062 From the Embassy in Peru to the Department of State¹

Lima, July 30, 1975, 1937Z.

6062. Subj: Marcona Expropriation—Ambassador Speaks with Foreign Ministry Officials.

1. During National Day Ceremonies, Ambassador had opportunity to discuss Marcona expropriation with Foreign Ministry Secretary General Garcia Bedoya and make brief mention of problem to Foreign Minister de la Flor at ceremonial function. Ambassador asked for

¹ Summary: Dean reported that he had impressed upon García Bedoya the importance of compensation for the expropriation of the Marcona company's holdings in Peru.

Source: National Archives, RG 59, Central Foreign Policy File, D750263–0170. Limited Official Use; Immediate. On July 23, Richter informed Dean of the impending expropriation. On July 24, Dean informed García Bedoya of the importance of compensation for Marcona. Dean informed the Department he would write a letter to Richter regarding compensation. (Telegram 5979 from Lima, July 24; *ibid.*, D750255–0990) Although there is no indication Dean discussed the matter with Morales Bermúdez, the Ambassador left a copy of his letter to Richter with Morales Bermúdez's principal aide, and the aide informed Dean that he would raise the matter with Morales Bermúdez. (Telegram 6101 from Lima, July 31; *ibid.*, D750264–1011) On August 4, Dean discussed the expropriation with de la Flor. Dean reported that de la Flor “is now fully aware of the dire implications of the Marcona problem and seems to be seized with the need to begin serious negotiations to resolve it.” (Telegram 6244 from Lima, August 5; *ibid.*, D750269–0205)

appointment to discuss problem and all its implications and Secretary General agreed to meeting today, July 30 (time to be determined). Although Foreign Minister is unavailable today (he is in San Jose) he agreed to meeting tomorrow.

2. During conversation with Garcia Bedoya, Ambassador pointed out urgency of establishing orderly process for determination of compensation. He referred to letter he had written to then Acting Foreign Minister Richter (Lima 5979) and danger to continued good and improving relations between two countries as result of expropriation without compensation, citing intense Washington interest in this problem and semi-automatic nature of certain USG legislative and administrative requirements. Ambassador also referred to Mines Minister Fernandez Maldonado's speech (Lima 6043) at Marcona, which requires clarification by the GOP. Ambassador pointed to strong political tone of speech which raised serious questions, not only with regard to Marcona's rights to plead its case (through its Peruvian lawyers, etc.) But also to rights before Peruvian law of multinational firms generally. Ambassador referred to important implications of this speech to all present and prospective foreign investors in Peru and to future activities of private banks and international lending institutions in this country. All these points need urgent clarification. Garcia Bedoya said he understood the problem thoroughly and agreed something must be done. Ambassador noted that Acting Foreign Minister's advance warning had helped to forestall strong instructions from Washington, but that this would be inevitable unless orderly compensation procedures were established immediately.

3. Comment: We are pushing for these promised appointments and have also requested appointment with Prime Minister Morales Bermudez regarding this matter.

Dean

311. Telegram 7174 From the Embassy in Peru to the Department of State¹

Lima, August 30, 1975, 2030Z.

7174. Subject: Peruvian Change of Government: Why? Why Now? Where Now?

Summary: On a preliminary basis, Mission elements agree that army leaders decided to move Velasco aside and replace him with Morales Bermudez primarily because of Velasco's increasingly erratic behavior and personal rule (or mis-rule). We believe key army commanders in effect forced Morales Bermudez to act and gave little importance to the fact that the non-aligned conference was taking place in Lima. We think Morales Bermudez as President will continue the Peruvian revolutionary process, but his approach will be more orderly and prudent. End summary.

1. This message contains the preliminary assessment of all interested elements of the Mission as to why the armed forces obliged former President Velasco to step down, why the prime actors did not wait until the nonaligned conference had closed in Lima, and what we may expect during the early days, at least, of the Morales Bermudez presidency.

2. Why remove Velasco? Velasco's leadership over the last months of his presidency was increasingly erratic. He took the decision to nationalize Marcona while his Minister of Mines was out of the country. There is much evidence that he and those radicals who probably urged him to take this step did not think through the implications, and were surprised when they learned of the possible consequences, particularly in the economic field. Velasco dramatically (and quixotically) nationalized Gulf Oil de Peru, a grandstand play with no economic justification, supposedly for "moral" reasons.

3. Velasco's impromptu press conferences had long since become an embarrassment to his more sensible followers. Sipping Pisco, Velasco made outrageous charges against U.S. diplomats and offended other countries ranging from Chile to the USSR. He gratuitously and fulsomely congratulated the Viet Cong for their victory over U.S. imperialism.

¹ Summary: The Embassy reported that Morales Bermúdez would continue Velasco's policies but in a more orderly fashion.

Source: National Archives, RG 59, Central Foreign Policy File, D750301–0719. Secret; Immediate; No Foreign Dissemination. Repeated to La Paz, Quito, Santiago, Mexico, Bogotá, Brasília, Caracas, USCINCSO, and DIA. In telegram 7130 from Lima, August 29, the Embassy informed the Department of the coup, stating that there was no resistance to it. (*Ibid.*, D750300–0269)

4. Velasco crossed the line between being strong-willed and being obstinate and petty. He tongue-lashed every minister but Morales Bermudez. He sinned against the sacred Latin rule of diplomatic asylum by refusing to accede to the request of the Argentine ambassador that an asylee in his Embassy be granted safe-conduct. He ordered wholesale deportations of journalists and political opponents of right and left.

5. Velasco lost control of himself on more than one occasion, and the leadership below him knew it. Some even feared he might order some military move against Chile, which his top generals did not believe would be in Peru's best interest even if it were militarily prepared to do, which they further believe it was not.

6. Why remove Velasco now? We have been speculating on the form and timing of the transfer of power from Velasco to Morales Bermudez, which appears to have had several almost inexplicable aspects. Why, for example, did the coup come when it did, on the last day of the NAC, in a manner which must inevitably be embarrassing to the GOP before its new third world associates, despite the GOP's efforts to put the best possible face on it? Second, why did Morales Bermudez leave Lima for a tour of the South if he had this move in mind? It would appear that he would have been better placed at the center of things in Lima, rather than announcing his move from Tacna, where he would have been most vulnerable had Velasco been able to rally support.

7. One scenario which so far occurs to us appears to provide answers to the foregoing questions. [3 lines not declassified] army discontent with Velasco's rule and rumors to the effect that high-ranking generals were urging Morales Bermudez to move to oust Velasco. This same report said that the commanding generals of all the military regions met with Morales Bermudez to urge him to act, and that after the meeting, the commander of the third military region, General Luis La Vera Velardi and his chief of staff, General Briceno, stayed behind and told the Prime Minister that if he did not do so soon, they would overthrow Velasco themselves. [3 lines not declassified] reported that the Peruvian Investigative Police (PIP) learned at 10:00 a.m. August 29 that La Vera had announced the revolt of his troops against Velasco and their support for Morales Bermudez.

8. Against this background, we speculate that La Vera presented Morales Bermudez with a *fait accompli*. Possibly La Vera may have told him that he (La Vera) had obtained the support of the other regional commanders and would move, with or without Morales Bermudez. Presented with this ultimatum, the Prime Minister may have made his decision. (Another variation of this scenario may have been that Morales Bermudez was in the plotting at an earlier stage and went to the South to allay the suspicions of Velasco and his supporters.) The timing of the

coup in relation to the NAC may have been attributable to the fact that the regional commanders, in particular La Verga, are more immediately aware of discontent in the countryside and to have awarded higher priority to the removal of Velasco than to embarrassment before the Third World. They (and possibly the Prime Minister) may also have reasoned that, precisely because a coup during the NAC was so unlikely, it would therefore have the best chance of success.

9. The assistant army attaché has a report that Morales Bermudez finally made up his mind to move against Velasco some weeks ago, while visiting La Paz for its anniversary celebration. If so, the exact timing may have resulted simply because Morales Bermudez path crossed that of La Vera in the South in connection with the celebration of Tacna's return to the "Patria." It is now (the 29th) or never.

10. Whither the revolution; from the first announcements of the change of government on August 29, the Army Commanders have stressed their adhesion to the principles of the Peruvian Revolution. Morales Bermudez re-stated his loyalty to the revolution in his first public address in Tacna that day. We believe that Morales Bermudez is a revolutionary but we also assess him as a prudent and careful man. He has attitudes and work habits one associates with Finance Ministers, and he has twice served as Finance Minister, under Belaunde and Velasco.

11. Even if Morales Bermudez were farther toward the center of the political spectrum than we believe he is, however, he would not at least initially be able to wrench the revolution very far to the right of its current course. There are radical generals, such as Rodriguez Figueroa, who move up as Morales Bermudez does so. They will continue to influence policy. When Morales Bermudez conducts meetings, he lets everyone have his say, and we believe the radicals will continue to speak up.

12. If Morales Bermudez is really a centrist, the revolution may move in the direction over time. However, for the coming months, we anticipate that the Peruvian Revolution will continue on much its present course, but that affairs will be conducted more prudently and in a more orderly fashion.

13. Relations with the United States should improve, particularly if Morales Bermudez is disposed (and is able) to resolve the Marcona problem. However, this improvement will be related to the greater degree of order and prudence we expect from the new president; we would be surprised if Peru were significantly to moderate its Third World stance, as the appearance of Morales Bermudez and members of his cabinet before the NAC on August 30 seems designed to demonstrate. In short, while we believe the transition from Velasco to Morales Bermudez will be beneficial for both Peru and our relations with this

country, we do not at this point foresee a significant deviation from the course Velasco charted.

Dean

312. Memorandum of Conversation¹

New York, September 24, 1975, 5:40 p.m.

SUBJECT

Secretary's Meeting with Peruvian Foreign Minister de la Flor

PARTICIPANTS

Peru

Foreign Minister de la Flor
Peruvian PermRep to the UN Silva
Foreign Office Spokesman Faura

U.S.

The Secretary
Assistant Secretary William D. Rogers—ARA
John King, Notetaker
Anthony Herves, Interpreter

[Omitted here is a social exchange, a discussion of Kissinger's proposed trip to Peru, and of the United Nations, Middle East and Africa.]

Foreign Minister: I would like now to go to a second point, which is that in connection with our problems with the United States we should attempt to find solutions through dialogue and in terms of the friendship and cooperation which have always existed between our two countries. We should in no way seek a confrontation that causes frictions.

¹ Summary: Kissinger and de la Flor discussed bilateral economic issues, in particular compensation for expropriated companies.

Source: National Archives, RG 59, Central Foreign Policy File, P820123–2530. Confidential; Nodis. Drafted by King. Kissinger and de la Flor were attending the UNGA in New York. On September 29, the Secretary's Delegation sent a summary of the memorandum of conversation to the Department. (Telegram Secto 14009, September 29; *ibid.*, P840126–2330) The Greene Agreement was the February 19, 1974, U.S.-Peruvian agreement regarding compensation for expropriated companies. It is discussed in Document 296. In telegram 5210 from Lima, June 30, 1975, the Embassy reported that the U.S. and Peruvian delegations had initialed an understanding with regard to Braniff's air routes. (*Ibid.*, D750226–0512)

The Secretary: That is our attitude also.

Foreign Minister: That is what my President, General Morales Bermudez, told me just before I left for the U.S. to tell you: We believed that after signing the Greene agreement that all our problems were put aside. Then we had the Braniff problem, and now we have another problem relating to the nationalization of Marcona. This is a question I have already discussed with Secretary Rogers during the special session, and I hope this will not become a problem between the United States and the Government of Peru.

The Secretary: Certainly not, if you yield. I want to make it diplomatically easy for you.

No, look, I don't want you to yield. We have to work something out here.

Foreign Minister: We have talked with Marcona and found them to be intransigent. (Faura's translation: "A waste of time.") We feel that continuing these conversations would not lead anywhere.

From the point of view of my government, we have a law which exists—for better or for worse, but it exists—and our new President, Morales Bermudez, feels that to derogate such a law would carry too great a political risk.

The Secretary: But does that have to be done? We don't want you to change your law.

Foreign Minister: The question therefore is whether we can exchange ideas between our two governments for a viable formula to settle the question in a manner that satisfies both sides.

The Secretary: (Nodding to Secretary Rogers) If you can't settle with them then it's not possible. Rogers is our specialist in surrender. He's basically a Democrat and I'm going to use him as my safe-conduct if they win the next election. He alienates all the conservatives by agreeing to the expropriation of American property in Latin America. He gives away the Panama Canal. He reestablishes relations with Cuba.

Foreign Minister: That is precisely what has contributed to improving relations with Latin America, which looks on all these steps you are taking as very positive. We feel that another very important point in your relations with Latin America is that some private U.S. companies with property and interests in Latin America have not shown an honest and positive attitude in dealing with Latin America. But I will refer to one company that has observed all our laws and maintained the best relations in Peru, and that is the Southern Peru Copper Company.

The Secretary: I think what we should do . . . We have no intention of getting into a conflict because of private companies in Peru, and Bill (Rogers) will cooperate in seeking a settlement that respects Peruvian law and national dignity.

Foreign Minister: We most deeply appreciate your statements here and I feel confident that we are going to be able to maintain good relations.

The Secretary: (Escorting de la Flor to the elevator) I'll be down in the next three or three-and-a-half months.

313. Telegram 274015 From the Department of State to the Embassy in Peru¹

Washington, November 19, 1975, 2101Z.

274015. Subject: Marcona—Briefing Memorandum Sent to the Secretary by Assistant Secretary Rogers.

1. The following is a briefing memorandum sent to the Secretary by Assistant Secretary Rogers concerning Marcona:

Quote: Marcona: Last July's sudden expropriation of the Marcona Corporation's Peruvian mining subsidiary by the Velasco Government has had significant repercussions. It has cost its perpetrators dearly by contributing to the replacement of Velasco by Morales Bermudez. And it has brought us directly into the act. Morales Bermudez, who is eagerly seeking ways to reconcile Peru's revolution with better relations with us, reinterpreted the expropriation decree to allow for payment of compensation. But the GOP and Marcona did not come close to agreement in their direct discussions. At their joint request, we first directly involved ourselves almost four weeks ago.

Last week, an interagency delegation headed by Albert Fishlow held a second round of discussions at both the technical and political level in Lima. These negotiations were particularly intense, and were dominated by the effort, responsive to the wishes of Foreign Minister de la Flor, to find a way for Peru to resume ore sales immediately. (Marcona, in an effort to protect its interests, has prevented shipments

¹ Summary: In a briefing memorandum to Kissinger, Rogers reported that even as a Marcona settlement seemed illusive, Peru and the United States had established a scenario to work towards a settlement.

Source: National Archives, RG 59, Central Foreign Policy File, D750403-0518. Confidential; Immediate. In a meeting on October 22, U.S. and Peruvian officials agreed that pursuing government-to-government talks would be the best way to resolve the Marcona dispute. (Telegram 8797 from Lima, October 23; *ibid.*, D750369-0302) On November 11, U.S. and Peruvian officials discussed compensation, and Peruvian officials stated they desired an ore shipping and sales agreement. (Telegram 9371 from Lima, November 12; *ibid.*, D750394-0370)

up to now.) With the consent of the company, two specific interim proposals were presented to the Peruvians. Both were ultimately rejected by the GOP, although the second came very close to acceptance, and may yet ring the bell.

Despite the apparent impasse, we believe we have accomplished three important things. We have:

—Clarified the parameters within which an acceptable settlement must be found. The Peruvians now know that they will not get off cheap, and are now thinking in the range of 30 million dollars or more (still far from Marcona's present claim of 100 million dollars, but a great improvement). In addition, they have a clearer notion of the political and economic tradeoffs between an outright cash settlement that would eliminate Marcona from the Peruvian scene, as compared to a settlement involving an ongoing, though indirect, relationship with Marcona;

—Accelerated the internal audit process which, for Peruvian political reasons, will have to be completed before any settlement can be reached. (The previous head of the Peruvian state mining concern, who had opposed any settlement and therefore delayed accounting, has only recently been replaced; now there is no excuse, and indeed a stimulus to come to some preliminary result, in view of the December 7 or 8 date now set for the Peruvians to come to Washington.)

—Devised a scenario that should enable the playing out of the settlement process without a major U.S.-Peruvian confrontation. This scenario is based on Peruvian awareness that the U.S. must vote against any loan coming up in the International Financial Institutions and a willingness to refrain from bringing loans to a vote. It also depends upon sufficient progress in negotiations before mid-December, by which time we will have to decide on Peru's continuing eligibility for GSP. Its success depends on our continuing to walk the fine line between being scrupulously unyielding without being threatening.

The next two weeks are critical. We have put the initiative back to Peru, and they know it. Our negotiators hope that Peru may yet accept some version of the interim proposals, which entails the resumption of shipments with a commitment to continued negotiations toward just compensation. This would re-establish some common interests between Marcona and Peru and would provide the flexibility which would make an ultimate settlement easier. End of quote.

Kissinger

314. Telegram 897 From the Embassy in Peru to the Department of State¹

Lima, January 29, 1976, 1608Z.

897. For Assistant Secretary Rogers. Subj: Current Peruvian Perception of the U.S. Ref: State 10605.

1. I have consulted with interested members of this mission in preparing the following response to your questions on how Peru currently perceives U.S. power, posture and policies. The Peruvian revolution is now seven years old. One of its principal stated goals is to end this country's "dependance on and subservience to the United States". The revolutionary government set that goal in 1968 in response to conditions as it perceived them at the time. However, the phenomena you cite—Watergate, outcome of the Vietnam War, differences between the President and Congress, and the Angola War—would be seen within the revolutionary context as additional vindication for GOP efforts to adjust its former relationship with the U.S.

2. The Peruvian change of government in August 1975 brought to the presidency a more prudent and moderate leader than Former President Velasco. This change coincided with increasing economic difficulties, which have apparently contributed to a realization of a need for a slower approach to the continuing revolutionary goal of reducing ties (especially economic ones) with the U.S.

3. Revelations of U.S. intelligence activities, aprticularly in Chile, are of special interest for the government of this neighboring, leftist-oriented country. I believe the new administration of Morales Bermudez is not paranoid about possible U.S. "destabilizing" activities here, but there are those within the government and without who are still suspicious that revelations concerning CIA activities or plans elsewhere may show that the U.S. could be up to similar activities here.

4. In responding below to your other specific questions, I sometimes differentiate between the official GOP line and thinking, the probable perceptions of others below the policy-making level in government, and the informed public. As a general proposition, I think Peruvians

¹ Summary: Dean reported that although the Morales Bermúdez government was more moderate than the Velasco government, Peru still adhered to its revolutionary precepts.

Source: National Archives, RG 59, Central Foreign Policy File, [no film number]. Confidential. In telegram 10605 to all American Republic diplomatic posts, January 15, Rogers asked Ambassadors to report on the attitudes of their host country with regard to U.S. power and policies. (Ibid.) UN General Assembly Resolution 3379, adopted on November 10, 1975, determined that "Zionism is a form of racism and racial discrimination." (*New York Times*, November 11, 1975, p. 65)

still perceive the U.S. as a colossus—for good or ill, depending on their own point of view. As to perceptions of U.S. strengths and vulnerabilities based on the Vietnam outcome, the official GOP line (which has not formally been changed since Velasco days) is that the imperialist U.S. lost a “war of liberation”. There is a widespread perception in Peru (fostered by the media) that nationalist-communist forces defeated the U.S. and its allies (or clients or lackeys) in Southeast Asia. Traditional middle class groups whose political strength was centered in the APRA and Accion popular parties, together with some moderate military officers, are rather perplexed about perceived erosion of U.S. interest or will in foreign policy, which they feel manifested itself in Vietnam’s later stages.

5. There is respect and admiration (often grudging) for the U.S. throughout this country. Watergate is perceived as an indication that the U.S. can have government scandals as any nation can. Revolutionary ideologues can perceive a rottenness in the capitalist system, while the informed public, cognizant of past and present Peruvian moral imperfections, probably wonders why so much fuss was made about it.

6. The Vietnam outcome has had no noticeable effect on Peru’s view of U.S. ability and willingness to live up to international commitments. Apart from periodic criticisms on the past “Monroe Doctrine” role of the U.S., few believe the U.S. has any significant present-day commitment to Peru or other Latin American countries. Those who are aware of U.S. defense commitments toward the hemisphere and toward other countries probably believe we can and will honor them to the extent we continue to view those commitments as reflecting U.S. national interests.

7. As to differences between the administration and Congress in terms of U.S. ability to follow through on its commitments, I believe few here believe that Congress could block the administration if the executive were determined to initiate or carry out a particular policy. There is little perception here that Congress played any significant part in the Vietnam war, in waging it or losing it. Administration/Congress differences do not affect Peru’s posture regarding cooperation with and dependence on the U.S.

8. Generally speaking, the GOP does not understand the U.S. political process, and does not appreciate fully the role played by Congress. That being so, some within the GOP may perceive what they consider to be executive insincerity or half-heartedness in attempts to get Foreign Policy measures affecting Latin America through Congress. The GSP provision excluding OPEC members, and particularly Venezuela and Ecuador, is a case in point.

9. The traditional Peruvian Government attitude of cooperation with the U.S. changed radically in 1968, and Peru’s present “Third World” orientation dates almost as far back. The factors you cite in

your cable, in themselves, are likely to have little impact on GOP foreign policy. Rather, they simply tend to reinforce prevailing revolutionary attitudes that a change in Peru's traditional posture was long overdue. It still remains true, however, despite the anti-U.S. barrage in the government-guided press, that there is a reservoir of good will towards the U.S. among individuals both within and without the government. At the same time, these elements have very limited influence on Peru's Foreign Policy, especially in the multilateral field.

10. Cuban and U.S. involvement in Angola reinforces the GOP's determination not to become involved in any way. This attitude is reflected in the GOP's refusal to date to recognize any of the warring factions in Angola and its obvious preference that the future of Angola should be settled as quickly as possible with the smallest damage to third world unity. The informed public probably sees the Angolan situation simply as one in which the U.S. is backing one side and Cuba and the Soviet Union another. Peru will probably see a defeat for one side as a defeat for its backers. The press, which is heavily leftist-infiltrated, can be expected to play up a defeat for the U.S.-backed side, if that is the way the Angola affair turns out. The Cuban intervention in Angola may be mildly disturbing to the GOP, which espouses the principle of non-intervention. The Cuban relationship will probably continue to be an important but somewhat uncomfortable one for the Peruvian Government.

11. The GOP sees Latin American "strength through union" in dealing with the U.S. The revolutionary government is an enthusiastic supporter of SELA and has sought to promote U.S.-Latin American confrontations in the OAS and elsewhere. Within larger fora, such as the UNIDO and the non-aligned conference, both of which Peru hosted recently, the GOP takes care not to go so far as to provoke specific bilateral U.S. retaliation.

12. I do not believe that GOP perceptions of the U.S. have changed recently so as to influence its voting position in the UN or other International fora. The GOP continues to want to rely less on the U.S. and continues to aspire to leadership in the third world, but it has taken a cautious approach on questions such as the Korea issue, and the Zionism/racism resolution and radical efforts to exclude Israel from the UNGA.

13. Since 1968, the revolutionary government has sought to widen its international sources of economic and political support. It receives assistance from first world and second world countries and there are even limited prospects for third world assistance from the Arabs. Peru similarly has a wide range of commercial arrangements besides those it has with the U.S. I doubt that Peru can or will attempt to reduce its sales of raw materials to the U.S. but may well seek by withholding

exports to increase their price. As to the sale of U.S. products here, the GOP will probably continue efforts to discourage imports, particularly “non-essential” imports from the U.S., for economic and political reasons. However, consumers will continue to want U.S.-produced goods, and Peruvian producers will continue to require U.S. imports.

14. The GOP probably believes that the U.S. is not wholly willing to meet the needs and concerns of developing nations, although it probably has little doubt of U.S. ability to do so. Revolutionary ideology is that the U.S. is at least morally, if indeed not legally, bound to help countries such as Peru, given the history of U.S. “economic imperialism”. It is in part to pressure the U.S. to meet that perceived obligation that Peru cooperates so whole-heartedly with the Group of 77, UNIDO and SELA.

15. In sum, the GOP follows its revolutionary precepts and cooperates closely with other members of the third world for reasons that pre-date U.S. troubles of the last year or so, but those problems reinforce the revolutionary government’s prevailing attitudes.

Dean

**315. Memorandum From the Director of the Policy Planning Staff
(Lord) to Secretary of State Kissinger¹**

Washington, February 14, 1976.

Your Stop in Peru: The Marcona Dispute

The attached memorandum contains an analysis of the Marcona expropriation—an analysis Bob Ingersoll, with his extensive business background, explicitly commended—and reviews the latest round of the negotiations.

Because the issue currently dominates our bilateral relations—rather more than we would wish, though we have little room for maneuver—the Peruvians are certain to attempt to draw you into it. Familiarizing yourself with it will also tell you a great deal about Peru, and about why

¹ Summary: Lord summarized for Kissinger the necessary elements for a settlement of the Marcona expropriation.

Source: National Archives, RG 59, Records of Henry Kissinger, Lot 91D414, Box 19, Nodis Briefing Memoranda, 1976. Confidential. Drafted by Einaudi and Fishlow. Tab 1, an undated paper entitled, “Expropriation Revisited: the Marcona Case in Peru,” is attached but not printed.

Latin Americans sometimes implicitly assume conflict with us. Finally, the case documents how—in the original spirit of Tlatelolco—we have recently tried to compose differences, and how, even so, a gap remains that could still trigger sanctions.

You noted on the margin of the ARA Scope Paper that it would help for you to know what our position was. The memorandum sets forth that position in detail. In brief, however, it is as follows:

The negotiations have reached a critical point. Three weeks remain to reach a final settlement in principle, if not in form.

Two ingredients will be necessary to any solution.

The first is *Peruvian willingness to pay a substantial settlement*. We cannot replicate the circumstances of the Greene settlement when a relatively small sum sufficed to compensate for all outstanding expropriation cases. This time we do not have five years of disrupted relations behind us—nor companies willing to settle for half a loaf.

The second ingredient is *clarification of our own position on the sum actually required for settlement*. Marcona is clearly worth more than Peru has yet been willing to concede. Our internal calculations suggest, however, that Marcona's own estimates of its worth are somewhat inflated. But we will need an independent valuation if we are to be effective in persuading Marcona of that fact. Preliminary results of this independent valuation, which is being undertaken by the Stanford Research Institute, should be ready by February 23. Our negotiators will, therefore, be better armed in the next round to know what constitutes a feasible final range. [NB: we are also exploring what flexibility may be available to finance the settlement and thereby cushion its impact on the limping Peruvian economy.]

You can provide an impulse to closing the great gap that still remains on the amount of settlement by telling the Peruvians you recognize the enormous effort Peru has made, but that you are genuinely concerned lest the March 11 deadline expire without an agreement. The reality of our concern has already been conveyed accurately by an interagency decision to withhold \$28 million in CCC credits pending progress toward a more relevant bottom line. You could also heighten Peruvian perceptions of our concern by explicitly designating Bill Rogers to lead the final round of negotiations (which have thus far been conducted by Al Fishlow, with support from Luigi Einaudi and an interagency team). An escalation to Rogers will indicate how seriously we take the matter; the flattery may partially offset our firmness.

To facilitate your perusal of the attached memorandum, which is extremely lengthy, *an analytical table of contents is provided on the first page.*

316. Memorandum of Conversation¹

Lima, February 18, 1976, 11:55 a.m.–12:45 p.m.

SUBJECT

Secretary's Meeting With Peru President Francisco Morales Bermudez

PARTICIPANTS

PERU

President Francisco Morales Bermudez
Foreign Minister Miguel Angel de la Flor
Ambassador to U.S. Carlos Garcia Bedoya
Oscar Faure, Interpreter Military Aide

UNITED STATES

The Secretary of State
Assistant Secretary William Rogers
Ambassador Robert Dean
Luigi Einaudi, Policy Planning Staff (Notetaker)
Anthony de Hervas, Interpreter

The Secretary's party has driven directly to the Presidential Palace. After introductions to the President, those not scheduled to participate leave.

Kissinger: (Glancing at the many people remaining.) Now we can still take decisions by majority vote.

Morales Bermudez: I am very satisfied to have you here, even for such a brief time in Lima and in Peru.²

Kissinger: Mr. President, I want to thank you for your cordial reception. I have looked forward for a long time to visiting Peru. Your Foreign

¹ Summary: Kissinger and Morales Bermúdez discussed Peruvian politics and United States–Peruvian relations.

Source: National Archives, RG 59, Central Foreign Policy File, P820117–0982. Confidential; Nodis. Drafted by Einaudi; approved by Covey on March 8. Kissinger's February 17 speech in Caracas is in the Department of State *Bulletin*, March 15, 1976, pp. 313–326. A record of the Kissinger-de la Flor conversation could not be found. The following exchange occurred between Kissinger and Fernández Maldonado on the afternoon of February 18:

Prime Minister Fernández Maldonado: Talking about Marcona. . .

The Secretary: I am not here to negotiate on Marcona. I have every confidence in Fishlow and the Ambassador.

Prime Minister Fernández Maldonado: I was saying to Ambassador Dean that on the basis of this effort this can be resolved shortly.

The Secretary: We need to have something to deal with the company, so that I can accept. When we have concluded our review of the problem, we will tell you what our judgment is. (Memorandum of Conversation, February 18; *ibid.*, P820117–0977)

² The Peruvian interpreter embroidered regularly, sometimes mistranslating. This memcon reflects what President actually said. The Secretary and the President, followed by the others, exit to meet photographers. [Footnote in the source text.]

Minister's invitation was the first I received to visit Latin America. I am very pleased to be here.

Morales Bermudez: (Makes an open gesture conveying readiness to hear anything further the Secretary would have to say.)

Kissinger: I had a good visit in Caracas. The President of Venezuela spoke with admiration of you and your government.

I come here with sympathy for the objectives of your revolution and with every intention of working to find ways to strengthen our cooperation.

Morales Bermudez: Well, I think that to develop a sincere base for cooperation, the first priority is mutual understanding. Since I had not met you before, I think your trip gives us a chance to improve our relations and should be very productive.

Kissinger: That is our attitude as well. We are prepared to show maximum understanding of you, for your necessities here.

Morales Bermudez: I would like to say to you . . . (stops as waiter enters to serve drinks.)

Kissinger: (Taking a glass of pure Pisco in his hand) After this I will agree to everything you ask. (Approving smiles all around)

Morales Bermudez: We in Peru as you know are in the midst of a process of profound structural changes. We have 7 years of experience behind us. The revolution has therefore reached a second phase. The first stage achieved much. We are now in a period in which we must both establish continuity and make a few rectifications of policy.

One of the major political problems we have faced has been ensuring that the outside world knows precisely what is happening here in Peru. It has cost us great effort to have outsiders understand our process. Even now many people do not understand what we want and what we have achieved.

Kissinger: I confess that when I came to Washington in 1969 I had some preconceptions myself. At that time we were involved in an expropriation issue. It took me a while to understand the authentic national nature of the process in Peru. Once I had done so, however, I made a great effort to avoid the application of the Hickenlooper Amendment and to establish a basis for better understanding.

Morales Bermudez: Speaking of understanding, we have found it difficult sometimes not only to deal with the external arena, but the internal one as well. There are even now some Peruvians who do not fully understand the revolutionary process and who doubt our ultimate objectives. Therefore, in this second phase we support dialogue as a method opening the revolution, of explaining its purpose, and of learning the feelings of our people.

Kissinger: How do you do this?

Morales Bermudez: We have begun a dialogue not only in the capital but also in the provinces. People have an opportunity to ask and the Government to answer. That way we receive suggestions and resolve worries. We also hold dialogues with organized groups: peasants, workers, miners, industrialists, businessmen, that is to say all social groups.

Kissinger: Where does your major opposition, if any, come from?

Morales Bermudez: Our political path is very difficult. Essentially, we face two sources of opposition. The first is based on the traditional privileged sectors who have had to yield in the interests of the great majorities. The second is from the extreme left which wants to capitalize on some measures of the revolution with different ends in mind. Those are the two flanks of opposition the Government must face.

In this second phase we have opened widely to all sectors of opinion, in compliance with the revolution's principle of ideological pluralism, accepting the expression of the views of all groups.

One group is represented by the socialized press. But we have now made an opening to other viewpoints as well. You will find an infinite variety of magazines and other publications expressing all varieties of opinions. We respect these ideas.

Kissinger: I have seen some of the things they have written about me. It certainly seems to reflect a wide variety.

Morales Bermudez: You should see what they have written about us, too.

Kissinger: I am not complaining; you should see the US press.

Morales Bermudez: During the first phase of the revolution, we prepared an overall plan of government, from which are derived our specific economic policies. We are now in the process of revising that plan. This is entirely natural. Conditions and situations have changed, and therefore the objectives must also change. We think that by next March we will already have a new government plan to present to the country.

Kissinger: Your dilemma is that what you achieve is taken for granted, and you have to keep making progress.

Morales Bermudez: That is so. But as concerns our objectives some can be maintained unchanged, others need to be perfected, while others must now be corrected. And as you say we have to keep in mind the need to allow for a process of continuing change.

We want a social democracy with full participation. We had ample experience with formal democracy. As practiced here, it did not give results, so now we are searching for a new form. Our approach is based on socialism of a non-Marxist variety; on nationalism, not chauvinism; and, what is perhaps most important, on Christian humanism; all accompanied by a deep sense of Peru's history.

Kissinger: Our basic approach is to cooperate with countries even if we have different social philosophies or views of economic organiza-

tion, so long as there is a basis for international cooperation. We believe each country must determine their internal affairs for themselves.

Morales Bermudez: As concerns foreign policy, you know our position. I know you are a friend of our Foreign Minister and therefore that anything I might say would be redundant.

But I want to stress that the purpose of Peru is that its relations with the United States be the most harmonious possible. We are on the same continent. We cannot escape geographic reality. In addition, many ties have existed between our countries. Applying your principle, differences of ideologies must not be allowed to affect practical realities. We have many common interests. On a basis of maintaining our freedom and independence as a sovereign country, we can overcome our differences.

Kissinger: As you said, Peru and the United States have a tradition of cooperation. We have no conflicting national interests. We are both fundamentally dedicated to peace and progress. Sometimes however, conflicts arise that derive from the way you pursue your national aspirations. We have legislation, of which we do not always approve, whose implementation under such circumstances creates a challenge to practical wisdom. We will go to the limit of what is legally possible. But success is not assured. We have had many sad experiences with many countries of a mutual escalation of unilateral actions. I believe there will be an improvement after the election.

On the one big issue between us, we do not protest your right to take the steps you have taken. But we should make every effort in the next weeks to find a solution. Our side will make a maximum effort. We do not want conflict. But we must ask you to keep in mind our own difficulties. If the problem can be overcome, then we can contribute substantially to the revolutionary program you will announce in March.

Morales Bermudez: In this respect, cooperation should be reciprocal. We do not have a Congress like the United States but we have a very active internal front. I am aware of your problems. The effort you are making is being matched by us. We want no vacuum. You should know we too are making a major effort in our country to avoid problems.

Kissinger: When you mentioned earlier your search for new patterns of democracy, I had been tempted to ask for your advice . . . (laughter), seriously, your attitude will be our attitude. We cannot allow our attitudes to affect the internal structures of other countries. So we are both aware of what we must do. I am sure we can find a constructive outcome. (Pause, then indicating the Foreign Minister). But your negotiators are very good.

Morales Bermudez: This will depend on our Ambassadors as well. Both have fine human qualities.

Kissinger: We have great confidence in our Ambassadors and count on them.

Morales Bermudez: (In aside to Foreign Minister) Will you be talking to Kissinger about this?

De La Flor: Yes, this afternoon. At that meeting I will speak about the critical problem we have all been discussing so far without mentioning its name...

Kissinger: We will do our best. (To De La Flor) We have talked before. You know I do not like to have economic relations affect relations between Governments. This should be settled on political, not economic, grounds. I do not like us to act as lawyers for private companies. But we have some necessities of our own imposed on us. Within those limits will be an understanding of your points of view as our discretion permits.

(To Morales Bermudez) It is important for the United States to show support for a progressive country that seeks the social and economic advance of its people. Therefore we will do everything possible to get a solution.

Morales Bermudez: I have every hope that your visit will be very fruitful for our relations.

Kissinger: This is my intention. For the great problem of our times is how can governments representing peoples with different levels of living cooperate effectively.

Morales Bermudez: We hope also that the US will change somewhat its policy not just toward Peru but toward the rest of Latin America as well. We have been concerned for sometime at the growing distance between us. We have seen the United States very distant from the Latin American countries. A change in United States policy, looking a bit more toward Latin America, will be very fruitful.

Kissinger: Did you have a chance to see what I said in Caracas?

Morales Bermudez: Not yet.

Kissinger: We will send a text. I called attention to the need to establish new patterns of relations and indicated some concrete areas where this could happen.

If I may say so, there is a problem on both sides (Morales Bermudez nods agreement). What usually happens is that someone like myself says something, it is well received, and then nothing happens. What we need is a program that brings our peoples and their governments into regular contact.

I should also mention that for the United States it is important that we not hear just criticism from Latin America. Over time, constant criticism produces discouragement and sometimes animosity among our own peoples. I know one Latin American head of state who special-

izes in anti-US speeches, then sends us letters that he does not mean what he is saying. Our public never sees the letters (laughter, general winks of agreement as reference is understood).

Morales Bermudez: I agree that is a problem.

Kissinger: We are prepared, if we can find the issues to engage us, to work with you on a weekly or a monthly basis so that we avoid the problem of a speech every six months followed by inaction.

What we have respected about Peru is that you have said in private what you have said in public. This enables us at least to understand the problem, if not always to resolve it.

Morales Bermudez: That is most important.

Kissinger: I appreciate, Mr. President, your courtesy in receiving me so soon after my arrival. We wish you all success.

317. Telegram 2314 From the Embassy in Peru to the Department of State¹

Lima, March 10, 1976, 1400Z.

2314. Subject: Continuing Political Uncertainty. Ref: Lima 2204.

Summary: Political tension, catalyzed in part by recent events in political/labor area, remains high. Dissident military officers led by navy are disturbed by perceived leftward governmental drift and have been discussing various forms of opposition including possible coup. APRA party and private industry organizations may prepare for more active opposition role. Fact that current "coup plotting" is not being closely held may mean serious attempt is not to be mounted now. End summary.

1. Recent surfacing of political tensions is attributable to preview of GOP Plan Tupac Amaru (draft of which is radical in content and tone); labor unrest, particularly the Arequipa general strike; and more vocal

¹ Summary: Dean reported that members of the Peruvian military disliked Morales Bermúdez's leftist political stance. Because rumors of coup plotting were so openly discussed, the Ambassador concluded that they were not credible.

Source: National Archives, RG 59, Central Foreign Policy File, D760091-0365. Secret. The Embassy acquired a February 5 draft of Plan Tupac Amaru, which called for a pro-labor domestic policy, a more activist state, and a Third World agenda in foreign policy. (Telegram 2681 from Lima, March 22; *ibid.*, D760107-1050) In telegram 2204 from Lima, March 6, Dean reported that because Morales Bermúdez did not seem to be "in charge" there had been a spate of rumors of coup-plotting. (*Ibid.*, D760085-0463)

opposition within and without military to perceived leftward drift of Morales Bermudez regime: "Coup plotting" which occasioned spate of rumors late last week apparently continues but planning is vague and does not seem to be too closely held. This activity seemingly centered in navy, and linked to APRA as well as the private business community, may be intended more as a warning to Morales Bermudez that leftward drift will meet with stiff opposition than as serious coup effort.

2. A Peruvian industrialist who is at least tangentially involved outlined opposition effort to EmbOff March 8. He said effort is centered on firm navy opposition to what it perceives as the leftward trend which is clearly demonstrated in the Plan Tupac Amaru. The navy is allegedly supported by a significant number of army and air force officers. According to same source, three regional army commanders are in contact with navy dissidents. Expanding on theme of discord in army, source said that General Sanchez, Commander of the Third Region (Arequipa) had his "ears pinned back" by ruling junta last week for his mismanagement of Arequipa general strike. Embassy is unable to confirm this, but Ambassador was told by FonOff official March 7 that Cabinet had split over Arequipa strike issue. Fernandez Maldonado and his supporters prevailed and it was Fernandez Maldonado who finally resolved Arequipa situation (this may have led to weekend rumor that Fernandez Maldonado had taken over government). The Arequipa strike was settled March 5 by making various concessions to unions.

3. According to above source and others familiar with dissident activity, the APRA party is involved in whatever plotting is taking place and is said to "support fully with its civilian force" efforts of navy and other military dissidents. In addition, an air force colonel approached the Peruvian Society of Industries asking that they continue to press for modification of the governments economic policy which is said by society to be strangely private enterprise. Society of Industry official told EmbOff that his organization, jointed by Automobile Manufacturing Association and the Chambers of Commerce throughout Peru, are stepping up activity for their own reasons unrelated to any coup plotting. Official said that business groups have concluded that the Morales Bermudez regime intends to proceed toward a socialized economy and now may be their last opportunity to alter that course.

4. Serious student rioting in downtown Lima March 5, which according to students resulted in one student death, and the March 5 machine-gunning of the home of ex-Navy Minister and Ambassador to the U.S. Admiral Jose Arce Larco (no injuries reported) added to weekend tension. According to leftist *Expreso*, Arce, who claimed he had no enemies, said machine-gunning could have been work of CIA. (Note: Arce was and remains extremely unpopular with navy officer corps.)

5. Comment: Political pot is bubbling but “coup plotting” appears too widely known on the Lima rumor circuit to constitute a credible effort. Although timing for possible coup is said to be the March 7–15 period, this appears unlikely. Neither military nor police now seems to be on alert status although both are aware of coup talk. Discontent, however, is serious and certain to continue. End result may be modification of GOP political plan (Embassy now analyzing and will report on preliminary draft of the plan) or isolation and removal of the dissident elements.

Dean

318. Telegram 2418 From the Embassy in Peru to the Department of State¹

Lima, March 12, 1976, 1920Z.

2418. For Assistant Secretary Rogers from Ambassador Dean. Subject: *[less than 1 line not declassified]*

1. *[1 paragraph (8 lines) not declassified]*
2. *[1 paragraph (17 lines) not declassified]*

3. You are correct in your presumption that our attachés have been getting pressure from DIA for extensive reporting, to the extent of open telephone calls from the quote DIA alert center unquote. In a sharply worded cable yesterday *[less than 1 line not declassified]* requested curtailment this practice. *[1 line not declassified]* This would be of help to me and to our colleagues in dealing full cooperation here but your message would help our people explain any intelligence gaps or cutoffs and also avoid ill-considered intelligence requirements.

4. I share fully your view that details of coup plotting and timing are not vital and that our procurement of this level of information carries unnecessary risks. We were caught flat-footed on the specifics of the change of government here last August 29. As far as I can see this in no way affected our security situation here nor did it lead to

¹ Summary: Dean reported that he understood Rogers’s concern regarding the importance of avoiding intelligence activities which could implicate the U.S. Government in coup plotting.

Source: Department of State, INR/IL Historical Files, Box 14, Lima, 1963–1979. Secret; Immediate; Roger Channel. Attached but not published was a note in an unknown hand that reads: “Dean’s answer to Rogers . . .” Rogers’s instructions to Dean could not be found.

any negative reaction from Washington. It was a comfortable situation to be in, as long as the requirements of personnel and Embassy security were met (as they were), and we were thoroughly aware of the main directions and implications of the political situation at that time.

5. As you know from our overall reporting, the contradictions and opposing forces in the present situation are being discussed widely all over town. Rumors of coup plotting and even the names of a few of the possible coup participants are being bruited about. I am sure that every Embassy in town is gathering information and reporting to their home offices. In the order of probabilities I think it is most likely that nothing will happen in the next few days and that the reaction to Plan Tupac Amaru and Fernandez-Maldonado's increasing role will largely serve as an indication of the deep concern and opposition within the body politic. The second-ranking probability is that some navy hot heads and their supporters will experience early retirement. The possibility of a serious coup attempt ranks in third place. If it happens it could be rough. Many Peruvians seem to be in a show-down mood.

6. We are taking no sides and are determined to avoid any involvement or appearance of involvement. The situation this year is somewhat different from 1974 and early 1975 in that we are no longer automatically considered or charged as being involved in political action or rumored action here. Our position is one of support for Peruvian development and the GOP's programs of social reform. Where we have problems such as Marcona, we are known to be committed to a process of peaceful negotiation in good faith and without rancor or enmity.

7. One additional question that concerns me is the security of our own reporting channels. In a visit to my office today Dave Belnap of the *Los Angeles Times* said that Jim Foster of Scripps Howard News Service had decided to stay on longer in Lima because he had received word from his Washington office of Embassy reporting of coup plotting in Lima. In addition to the question of the extent and manner that we keep our ear to the ground, this type of report raises the question of the extent and manner in which we should report what we hear.

8. This has been a longer reply than I had intended. The important point is that I understand your message and will comply. We have been highly sensitive to this problem over the past two years but I agree that a review of the bidding and a reaffirmation of our guidelines to all concerned are indeed necessary at peak points on the political fever chart when the interest runs high and the trickle of information and rumors becomes a torrent.

Dean

319. Memorandum From the Assistant Secretary of State for Inter-American Affairs (Rogers) to Secretary of State Kissinger¹

Washington, April 5, 1976.

Peru's New Revolutionary Program

You will recall that President Morales Bermudez told you when you met him in Lima February 18 that his government would publicize a new political-economic program for Peru in March. His partial unveiling of the plan, only in broad-brush strokes and without specific details, came in a televised two-hour address Wednesday evening, March 31. The speech practically coincided with our decision to send Carl Maw to Lima for what we hope will be the final political negotiations to settle the Marcona matter.

Of greatest immediate interest to us, of course, were Morales Bermudez' comments on that issue. While he did not mention the company, its claims or the arrival of the "final phase" of our negotiations, his elliptical references to the problem were encouraging. Indirectly acknowledging that the GOP may have acted precipitously in expropriating Marcona, he said the GOP now is concluding its study of the "conditions of transfer" of the company to the state.

Attached is Embassy Lima's initial assessment of the overall thrust of the speech.

As we interpret his vaulting rhetoric, what Morales Bermudez said was, in general terms, foreshadowed by what he told you in your conversation, i.e. that the Peruvian Revolution will continue on a middle course, neither communist nor capitalist, and that radical efforts from either the right or left to alter that course would be dealt with firmly, even forceably.

He also indicated that the details of the middle course Peru will follow under his six-year plan (which is named *Tupac Amaru*, after the *meztizo* descendant of the Incas who led the bloody Indian revolt against the Spaniards in the 18th century, now adopted by Peru's military as the mystic symbol of the Revolution) would be made public over the coming weeks and months.

¹ Summary: Rogers informed Kissinger of Morales Bermúdez's efforts to maintain the Peruvian Revolution by steering a middle course between the political Left and Right.

Source: National Archives, RG 59, ARA/AND Files, Records Relating to Peru: Lot 79D18, POL 1-2, Basic Policies. Confidential. Drafted by King on April 2. Telegram 3079 from Lima, April 1, is attached but not published. In paragraph 12 of telegram 3079 the Ambassador reported that the moderate tone of Morales Bermudez's speech could represent an attempt to diminish coup-plotting on the part of the moderate-conservative elements.

It was the trial-ballooning of the specifics of that plan, not long after you left Lima, which triggered a spate of *coup* plotting against Morales Bermudez among centrist and right-wing officers of all three services. Coming on top of a few perfervid and unfortunate revolutionary speeches the President made while touring the south of the country, the semi-official outlines of *Tupac Amaru* frightened moderates in the military as well as in the civilian upper and middle classes; these elements saw in the plan a radical and abrupt transformation of Peruvian society and its saddling with an inflexible socialist state.

The consequent turmoil both within the military and civilian sectors has been unprecedented in recent years. The would-be plotters have been telling our Embassy, [*less than 1 line not declassified*] that Morales Bermudez has tolerated too much communist penetration into the government, has allowed the Revolution to lurch dangerously leftward, has been indecisive, is drinking too much, etc., and therefore must go. The flood of reports we have received from these people convinces some analysts an attempt on Morales Bermudez will be made in the next few weeks. These conspiracies reached fever pitch early this week as those most worried awaited his definitive speech.

We tend to agree, as the Embassy suggests in its final comment (para 12 of the attached cable), that the speech may serve to relieve the moderates' anxieties, at least to some degree.

How this could translate into additional room for maneuver for Morales Bermudez, and especially what it might do for Peruvian negotiating flexibility as we come up to decision-making on Marcona, is more difficult to assess.

I would only add that if Morales Bermudez, with the speech and the outline of his plan to follow, has managed to confound his critics in Peru as much as he has confused our analysts, he may well have found the middle way that could vouchsafe his continuance in the presidency.

320. Memorandum of Conversation¹

Santiago, June 8, 1976, 9–10:05 a.m.

PARTICIPANTS

The United States

The Secretary

Under Secretary Rogers

Under Secretary Maw

Luigi R. Einaudi, S/P—Notetaker

Anthony Hervas, Interpreter

Peru

Foreign Minister de la Flor

Secretary General Marchand

OAS Ambassador Alvarado

de la Flor: You look marvelous. Work is obviously the best preserver of youth.

The Secretary: I certainly had a marvelous time in Lima last February. It is a beautiful city. In fact, I understand you may hold the extraordinary session of the General Assembly in Lima next year.

de la Flor: Yes. This is a point I want to raise with you after the photographers leave.

The Secretary: When I walk into the OAS I see so many personal friends that it is always a pleasure. You are one of the best.

de la Flor: I can say the same. I can reciprocate fully. And I do not say that in official terms. The future will be the best way to reveal that this is so. After neither of us is in office any longer, I will invite you to visit Lima, with your wife, and to stay with me.

The Secretary: Yes, we will be friends when both of us are out of office . . . in 1981.

de la Flor (laughs): I doubt you will retire. You may reach 1980, but I doubt I will.

The Secretary: It will be difficult for you, too, to leave. You have done much.

de la Flor: No, it will not be difficult. I have already been out of the Army too long.

¹ Summary: Kissinger and de la Flor discussed a prospective settlement for Marcona and Peruvian-Chilean relations.

Source: National Archives, RG 59, Central Foreign Policy File, P820118–1635. Secret; Nodis. Drafted by Einaudi on January 13, 1977. The meeting took place in Kissinger's suite. Kissinger and de la Flor were in Santiago for an OASGA meeting. A record of the de la Flor-Maw conversation has not been found.

The Secretary: You intend to go back to troop command?

de la Flor: I must. My job is exhausting. I have had too many problems with the United States . . . Maw won't let me sleep.

The Secretary: You, too, give us some worries. What is holding up a settlement on Marcona?

de la Flor: We have some problems. We will be talking further with Dr. Maw tomorrow.

The Secretary: Dr. Maw? [turning to Maw] Are you a Dr.? [to de la Flor] Had I known, I would not have hired him.

Maw: I am a J.D.

The Secretary: I am a professor. Those lawyers' degrees fool generals, not me.

de la Flor: He is a good man.

The Secretary: We will go to the limit. We want no victories. We do not want to put anyone in a difficult position. [turning to Maw] Have you reached an agreement on when you will get together?

Maw: Yes, tomorrow.

The Secretary: Let's see if we can't resolve this now. We are really close. [to Maw] What is the sticking point?

Maw: There is a small cash problem.

The Secretary: There is a difference in amount?

Maw: Yes, but we can compromise if we can get an equivalent to cash.

The Secretary [to both men]: Look, we are too close to break down now. Talk tomorrow, if you can't reach an agreement then, we can talk again this week.

de la Flor: We have talked to Maw a great deal. The big point for us is the financing. Marcona has been very hard. But the financing is now the only factor. The basic understanding is a good one.

The Secretary: It's true. That is why we want to clean this up. Maw is a good friend of mine. You understand the pressures that we are working under. We have used the utmost flexibility. I think it would be better to settle this now.

Maw: We are meeting at 9:30 tomorrow.

The Secretary [to Maw]: Good. And you will stay until you finish.

[To de la Flor] While in office you have nationalized everything you could. Soon you will have nothing left to repay.

de la Flor: No. But this is a good solution—for the company, for the United States and for Peru.

Maw: The proposal is self-financing.

The Secretary: Well, you will discuss it tomorrow, not now. Tomorrow we will let neither of you out of the room. [to de la Flor] Don't

worry about being outnumbered. In any case Einaudi is an agent of yours. We sometimes think he should worry more about the US than Peru.

de la Flor: We know he is a friend. We like him very much. Now I am even being attacked because he gets too much from me because of our personal friendship. But when the friendship of countries is involved, all else is secondary.

The Secretary: You will not be returning soon to the Army?

de la Flor: At the latest by the end of the year. Politically, my position has been eroded. I have had too many problems with the United States.

The Secretary: You have done much to improve our relations and to make confrontation between us impossible.

de la Flor: That has been my purpose from the beginning; since January 1972, when I became Foreign Minister.

The Secretary: Yes. You are my senior.

de la Flor: In position, yes; in politics, no.

[Omitted here is a discussion of OAS reform.]

The Secretary: Let's talk about the meeting we are attending now.

First, there is the human rights question. This involves two problems. We want to state our convictions on the importance of fundamental human rights. Second, we don't want to elaborate a new form of intervention. What we will do is make a general statement without attacking any particular country. We will call attention to the IAHRC report on Chile and say that the United States is worried by conditions there. But we will not ask the Assembly to do anything except in general terms. We will also call attention to Cuba. But we will not ask for any resolution.

What do you think?

de la Flor: Peru's position is also one of principle. We do not want to alarm Chile which is our immediate neighbor. I agree with you on the need for norms to define the functions of the Inter-American Human Rights Commission. Sometimes in the name of human rights there is excessive intervention. I believe we have the same position.

The Secretary: I have been told some of my colleagues expect great things. We are not here for theater.

de la Flor: Yes, we had heard of possible announcements on Chile.

The Secretary: The press wants to hear me say something. But my job is foreign policy. What I will say will be based on my responsibilities, not on what makes good press.

de la Flor: What you say will be well received.

The Secretary: I will be very firm on human rights in general and I will mention the IAHRC report on Chile.

de la Flor: I feel that is a highly respected position. I also think, as a neighboring country of Chile, that it is important to avoid major problems.

[Omitted here is a discussion of OAS reform, the Generalized System of Preferences and the International Resource Bank]

de la Flor: You have just been to Bolivia. I saw in press reports that you favor Bolivia's outlet to the sea.

The Secretary: Yes. But I didn't say whether the outlet was to be to the Atlantic or the Pacific.

de la Flor: True, but there is still an important issue. When you say that the solution will contribute to peace and development in Latin America, others will think you support the Chilean proposal.

Peru believes the outlet should guarantee peace and development. But if there is no port, there can be no development. If there is no port, there can be no peace. We consider the Bolivian corridor should not become another Danzig. Clemenceau warned Danzig would lead to the Second World War, and Danzig led to the conflict between German and Poland. We do not want such an outcome. We do not want war in this part of the world. You know that. Though I am a soldier, I want peace.

The Secretary: How could this lead to war? You are opposed to a corridor?

de la Flor: No. The issue is that the Chileans propose a corridor without a port.

The Secretary: Could Bolivia build one?

de la Flor: You know they could not. The costs would be prohibitive.

The Secretary: Nevertheless, if what you say is true, a corridor without a port could conceivably lead to a war between Bolivia and Chile, but not with Peru.

de la Flor: Theoretically. But their fear of the north, and their efforts to obtain a port, would eventually involve Peru as well.

The Secretary: I am told Peru has so many Soviet tanks that you are running out of spare parts and room to put them.

de la Flor: Chile has just as many US tanks.

But the point is, we want peace. And we want no false solutions to endanger peace.

The Secretary: I am not applying any pressure. This is something for the negotiating parties to resolve. You have said you will study the matter. Beyond what I have already said, no more is needed.

de la Flor: We are talking with Chile to seek a solution.

The Secretary: It is not our responsibility.

de la Flor: Yes. But it is our responsibility.

The directing ideals of US foreign policy are basic, regardless of government. This gives coherence. We do the same. That is why we do not accept pressures. We do not have power like the United States. But I can affirm that the presence of other countries in the corridor negotiations could create problems.

You also know other foreign elements want to create confusion. The communists are doing everything possible to stir up trouble over this issue.

The Secretary: We will not be active. We want a positive solution. We will not put forth what it should be. You will hear no more from me on this.

But I hope we will be seeing a good deal more of each other. My wife wants to visit Peru.

de la Flor: In that case, we will not let you in alone again.

321. Memorandum From the Assistant Secretary of State for Inter-American Affairs (Shlaudeman) to Secretary of State Kissinger¹

Washington, July 21, 1976.

Chile-Peru and the Congress

You have asked that we examine what might be done to focus constructive attention in the Congress on the dangers to regional stability inherent in Soviet military sales to Peru and the growing imbalance of military forces between Peru and Chile. An effective Congressional strategy will require us to address the complex interaction between Chile and Peru and our own policies.

Our Problem

For more than two years, we have argued extensively in the Congress that cutting Chile off from military assistance and supplies would

¹ Summary: Shlaudeman outlined two different policy options regarding prospective Peruvian purchases of Soviet aircraft. Kissinger decided to wait for an agreement on Marcona before delivering a démarche to the Peruvians on Soviet arms purchases.

Source: National Archives, RG 59, Central Foreign Policy File, P760120-0606. Secret. Sent through Maw. Drafted by Shlaudeman, King, and Einaudi on July 22. Pezzullo concurred. Kissinger approved the first recommendation on July 30. On August 2, Kissinger summarized the memorandum for the President. (Ibid., P760125-0785) Kissinger's June 8 conversation with Pinochet is Document 228.

increase regional tensions in light of the Peruvian arms buildup and the ancient enmities between the two countries. That argument has had no discernible impact. Key members, including notably Fascell and Humphrey, think our case is a smokescreen designed to permit us to continue bolstering Pinochet's repressive regime.

The growing military imbalance and the potential increased Soviet role are such as to now offer some prospects of persuading responsible members that our warnings are not simply deceptions. But the *voting in both houses on the recent Security Assistance legislation demonstrates that our chances for obtaining a modification in the Chile ban remain virtually nil under prevailing circumstances*. To turn the Congress around on Chile we would need:

- dramatic progress on human rights in Chile, or
- much clearer evidence than we have of Peruvian planning for a war of aggression, plus
- an unmistakable record of vigorous US efforts to persuade or coerce Peru into shutting down its military buildup.

What we could automatically *expect from Congress at this point would be demands to cut off military and economic assistance to Peru*. Any such public outcry now would limit our options, strengthen the Soviet hand, and risk reversing a trend in the Peruvian domestic political situation that is clearly favorable to other US interests, and which may also inhibit Peru's willingness to obtain Soviet weapons.

Our practical options in this situation, therefore, center on a Congressional strategy carried out in conjunction with measures to influence both Chile and Peru.

Peru and the SU-22

The immediate key is what the Peruvian Government does about the Soviet offer of 30-odd SU-22 fighter-bombers. A purchase of this magnitude would almost certainly convince the Chileans of Peru's aggressive intentions, and would probably set off major political repercussions throughout South America, possibly leading to a genuine arms race.

The moderates now in control in Peru are likely to look more closely at these implications than their immediate predecessors. They are also increasingly aware that Peru's desperate financial condition greatly increases the economic risks entailed. Hence, presumably, their reported desire to improve relations with the United States and with their neighbors.

But the incentives remain.

- The terms of the Soviet offer are apparently financially attractive.
- The latest turn in Peruvian politics does not necessarily mean that Morales Bermudez is now in a secure position. Buying off the

generals with new arms and the populace with a “patriotic cause” may still be a tempting tactic.

—Most motives for the buildup, in particular Peru’s fear that Chile might comply with its apparent commitment to act unilaterally on Bolivia’s access to the sea, are probably unchanged.

In light of these considerations, *a Peruvian decision to back off from SU-22 would be a decisive signal in our judgment.* It would not affect the underlying tensions, but would materially reduce the likelihood of a major crisis.

The Chilean Perspective

Following your meeting with Pinochet on June 8, Foreign Minister Carvajal gave Bill Rogers a paper urging that we “act vigorously before the US Congress” to avoid a prohibition on arms to Chile in order “to reestablish the historical balance of power between Chile and Peru.”

No actions realistically available to us or to the Chileans over the next few years can restore that balance. But no balance can be achieved if either Peru or Chile becomes so isolated that their endemic paranoia leads them to undertake extreme measures. The current sense of isolation in both countries is already high.

From a Chilean standpoint, the restrictions on military transactions with us are an incomprehensible—and dangerous—betrayal. The supply of spares and defensive arms to counter the Peruvian buildup is thus essential to Chilean stability and the regional balance. *And we can realistically aim at modifying the Chile ban in the FY '78 security legislation to permit furnishing spare parts for US-origin equipment and perhaps strictly defensive anti-tank and anti-aircraft weaponry.* Humphrey has indicated that he would reconsider the absolute ban next year—but not before—if Chile were to show credible improvement on the human rights front.

The Multilateral Dimension

Though vital, arms for Chile will not alone ensure regional stability. Chile’s drive for security had led it to seek alliances with its neighbors, and specifically to attempt to engage *Bolivia’s* desire for an outlet to the sea in a way that would isolate Peru. And *Peru* is determined to prevent Chile from unilaterally turning formerly Peruvian territory over to Bolivia.

In this multi-cornered game, *Peru’s* potential purchase of Soviet fighter-bombers is the single most immediately destabilizing element.

Our Objectives

In *dealing with Peru*, we should seek:

—to turn off the SU-22 sale, and

—to persuade the Peruvians that a continuation of their buildup will call into question their credit worthiness and thus shut off their access to international financing.

In *dealing with Chile*, we should seek to make clear to Pinochet that any significant restoration of Chile's access to military supplies from the U.S. will require:

- perceived progress on human rights, and
- an educational effort to ensure its accurate portrayal to Congress.

Multilaterally, we should seek to focus regional and overall Latin American attention on the need for a renewed effort toward arms limitations.

Finally, in *dealing with Congress*, we should seek informal consultations so linked to our policy options that they convey our active concern without precipitating destructive reactions.

Our Options

The most obvious course of action is *immediate bilateral pressure on Peru*. This would involve informing Peru that we would find further Soviet purchases unacceptable and that without assurances, including cancellation if necessary of any SU–22 deal, we would oppose any further public or private U.S. assistance or credits to Peru. Such a course would naturally be coupled with an immediate and strong approach to Congress to lift the Chile ban as well as to inform it on Peru.

We believe, however, that such a course of action is unworkable and possibly self-defeating. Our relations with Peru and our ability to talk with and influence the Peruvians have been impaired by the dispute over Marcona. We are now probably too close to a settlement to use that as leverage to pressure the Peruvians on the SU–22. We could try of course, just as we could try to stall the U.S. bank loans Peru so desperately needs until we get some satisfaction.

The advanced state of both the Marcona and bank negotiations and the history of our relationship with the Peruvian military since 1968, however, strongly suggest that a better tack is to clear the decks of the Marcona dispute and work from there toward a frank dialogue on the arms question. *Peru's economic crisis is so severe, and the commercial banks are so concerned, that we will have ample opportunity to use economic pressure almost immediately again in any case.*

A second line of approach would be to attempt to *develop multilateral pressure* on Peru and its neighbors. This would involve using a variety of instruments (OAS, Inter-American Development Bank, Andean Pact, etc.) and arguments (Soviet penetration, dangers of regional conflict, wastefulness of resource diversion to military ends, etc.) to activate regional concern over arms purchases, and thereby deter Peru from

continuing its military build-up. This approach could possibly also entail a more active U.S. role in seeking a generally acceptable solution to the issue of Bolivia's outlet to the sea.

Though elements of such an approach could be useful, we believe it is too long-term and uncertain to constitute a realistic option.

Against this background, we believe the most effective course of action is to be sought in a combination of *phased bilateral pressure on Peru* and selective multilateral and Congressional consultations. We are therefore developing for your consideration a series of options on how to:

- approach Peru directly on the volume and sources of its arms purchases;

- undertake initial consultations with Venezuela, Colombia and Brazil on the Peruvian buildup and the prospects for more definitive regional and inter-American action on arms control; and subsequently

- open in coordination with DOD a series of congressional consultations on the Chile ban, beginning with selected members of the more conservative armed forces committees.

The immediacy of Peru's possible SU-22 purchase, however, requires us to make a decision now on whether and how to approach the Peruvians. In particular, we need your guidance on the relationship of any approach on the SU-22 to the Marcona negotiations.

We have two basic options:

OPTION ONE: To approach Peru directly before a Marcona settlement, without conditioning the settlement itself on Peru's not obtaining the SU-22, but making clear that future relations would be severely impaired should the purchase be made.

Pro

- would convey our concern in time to affect any impending GOP decision;

- would not depend on the still uncertain Marcona time table.

Con

- might stimulate the GOP to make or reaffirm an SU-22 purchase out of nationalistic orneriness and prevent consolidation of moderate tendencies in GOP;

- might delay or prevent a Marcona settlement without for the time being preventing new U.S. private credits.

OPTION TWO: To approach the Peruvians soon after the Marcona settlement.

Pro

- does not foreclose our options on whether to approach Peru directly on the SU-22 or on arms issue in general;

- would not endanger the Marcona settlement;
- would enable us to plan our démarche in a context of greater mutual confidence.

Con

- might be too late to prevent a SU–22 purchase.

Under both options, the nature of our presentations in the Congress would be heavily influenced by the Peruvian response to the initial démarche.

Recommendations:

That you authorize us to prepare a démarche for delivery in Lima following settlement of the Marcona dispute (*Option Two*)

ALTERNATIVELY, that we prepare a démarche on the SU–22 purchase for immediate delivery to the GOP (*Option One*)

322. Memorandum From the Assistant Secretary of State for Inter-American Affairs (Shlaudeman) and the Director of the Policy Planning Staff (Lord) to Secretary of State Kissinger¹

Washington, September 10, 1976.

Soviet Planes for Peru

This memorandum attempts to clarify our broad options in light of the virtual certainty that Peru will acquire the SU–22. Because of Marcona and its side effects, the week ahead is critical.

The Peruvian Dynamic

The Peruvian Air Force is committed to the SU–22. The purchase will be virtually impossible to reverse:

- The Army supports the Air Force. It has already bought T–55 tanks and a host of lesser Soviet weapons as part of a three-service modernization plan.

¹ Summary: Shlaudeman and Lord advised Kissinger to stress to Peruvian officials the negative consequences of their purchase of SU–22 aircraft from the Soviet Union.

Source: National Archives, RG 59, Central Foreign Policy File, P760154–1688. Secret. Drafted by Einaudi and Patton. In telegram 249016 to Lima, October 7, the Department instructed the Embassy to pass a letter from Kissinger to de la Puente in which Kissinger regretted it was not possible to meet at the UNGA in New York. (Ibid., D760378–0001)

—The Navy is unhappy at any Soviet connection, but cannot make a strong case against the purchase. It has just won against the domestic political left, and cannot convincingly argue that the US offers a reliable alternative for arms.

—President Morales Bermudez is uneasy, but may not have the power to enforce a decision against predominant military opinion. The Air Force has been loyal. Recent internal troubles make its support more necessary than ever.

The GOP knows that the SU-22 purchase will unleash new tensions. But it calculates that criticism is less damaging than renewed military dissension—and that *real politik* confirms that bargains with neighbors are best made from strength.

The chief—indeed probably only—deterrent to final announcement of the purchase is the balance of payments loan Peru is currently concluding with foreign commercial banks. Ironically, however, the generous terms on which the SU-22 is being offered (particularly the moratorium and lack of down payment), makes it the only aircraft available to Peru whose acquisition is consistent with the short-term economic austerity measures the banks support. Most banks have thus apparently been satisfied by GOP assurances that any arms purchases will fall within the financial programs submitted to them.

Once Marcona is settled and the loan is secured, the GOP probably also calculates that the SU-22 purchase will demonstrate domestically that, appearances and press reports to the contrary, Peru has not mortgaged its independence to the foreign banks and the United States. In 1974, the purchase of Soviet tanks offset the Greene agreement in much the same way.

What Can We Do About It?

Peru has played its immediate cards well. So long as our conditions are met, we cannot renege on a Marcona settlement. And the lead American banks are now irrevocably committed to balance of payments financing for several months.

Our dilemma is increased by the fact that this is the best GOP in years—probably the best we are likely to get for some time. Except for the SU-22, all signs point to growing Peruvian realism and desire to accommodate our interests. In addition, Morales Bermudez' survival is Peru's best chance to recuperate from Velasco short of anarchy or outright dictatorship.

If a purchase is made and we do not react, however, the military rulers of Peru's neighbors will be under irresistible pressure to upgrade their own military capabilities. Our inability to provide anything comparable to the SU-22—because we do not want to increase the likelihood of conflict, because Congress limits what we can do, and because we do not, in fact, have comparable weapons systems readily available

to offer—would predictably erode our influence and perhaps ultimately invite new Soviet credit sales to other Latin American countries.

If, conversely, a purchase is made, and we react by cutting off bilateral assistance, we would appear to justify Peru's behavior and lose our otherwise growing opportunities for influence. Similarly, to create a stink over a Soviet action we cannot stop or counter directly would only increase the insecurity of Peru's neighbors.

Like inaction, therefore, obvious attempts to penalize Peru seem likely to be ineffective and possibly counterproductive. Either course risks conveying an impression of US impotence and driving Peru—and possibly some of its neighbors—closer to the Soviet Union, and perhaps to conflict as well.

Our first objective should, therefore, be to try to prevent the purchase—now, before it is irrevocably made. Given our limited specific leverage, and the fact that some papers have actually been signed (the Chileans have even just told us that they have reliable intelligence that a purchase of 18—not 36—SU-22s is now final), we cannot be very sanguine at prospects of success. But we must try.

Even if the SU-22 purchase is too far along to stop, however, it may not be too late to minimize its military, psychological and political impact. The Soviet Union probably hopes to provoke us into measures that will have the opposite effect. We should not take the bait.

Two objectives are central in this regard. The first is to prevent Peru's military build-up from leading—however inadvertently—to armed conflict with Chile or its other neighbors. The second is to limit the Soviet Union's opportunity to turn the SU-22 sale to geopolitical advantage. These more limited objectives depend fundamentally on our ability to enlist the cooperation of both Peru and Chile.

The implications for Carl Maw's visit to Lima next week are reasonably clear: We should drive a hard bargain on Marcona—but should get it, restoring relations to “normal”. We should then make clear to both Foreign Minister de la Puente (who is a childhood friend of Morales Bermudez) and Prime Minister Arbulu that, though we want to cooperate with Peru—even on defense matters—we are very concerned at the implications of an SU-22 purchase. We should:

- review all the potential negative consequences of the SU-22 for Peru's development, and for its regional and hemispheric relations;
- indicate that you intend to take the situation up personally with Foreign Minister de la Puente when you see him in New York; and
- conclude, without explicit threats, that should Peru make such a purchase in any case, we will have to draw our own conclusions.

Our subsequent actions will clearly have to be guided by the response we receive. But there can be little doubt that Peru's military

involvement with the Soviet Union will continue, and that our efforts to limit its consequences will remain a source of recurring headaches.

323. Editorial Note

On September 23, the Embassy transmitted the English-language text of a settlement on the expropriation of the assets of the Marcona mining company. The Government of Peru agreed to pay Marcona \$61.4 million in compensation. (Telegram 8702 from Lima, September 23; National Archives, RG 59, Central Foreign Policy File, D760359–1185) Part of the Government of Peru's payment was to come in the form of iron-ore sales. The Peruvian Government ore-sales entity, MineroPeru Commercial, agreed to sell 3.74 million tons of Peruvian ore pellets to the Marcona company at above market-prices. Because a clause in the agreement contained a Paris-International Chamber of Commerce Arbitration Clause, it could not be signed in Peru, and therefore would be signed in Panama. (Telegram 240982 to Panama, September 28; *ibid.*, D760366–0035) On September 30, the Embassy in Panama notified the Department that the ore-sales agreement had been signed. (Telegram 6803 from Panama, September 30; *ibid.*, D760369–0361)

324. Telegram 239313 From the Department of State to the Embassy in Peru¹

Washington, September 25, 1976, 1641Z.

239313. Subject: Coca Control Initiative. Ref: Lima 7879; Lima 8045; Lima 8410; Lima 8584.

1. We are encouraged by GOP's apparent serious interest in trying to bring coca cultivation under control to prevent its diversion to cocaine production. There now appears to be a basis for moving ahead with the GOP to try to develop a comprehensive program that we could support. Since there are indications that the GOP might consider enforcing coca controls at an early stage we would be willing to consider ways in which we might provide assistance for such enforcement even before a comprehensive program could be developed or implemented.

2. The Peruvian proposal (Lima 07879 para 14) sets forth basic principles for developing a comprehensive program most of which we find acceptable. It should set [the] context for developing a plan of action.

3. You may discuss the foregoing with GOP and develop a mutually convenient date for the visit by our experts to begin preparatory talks. Even before that visit we believe the Embassy and GOP could begin to collect and review existing studies on the coca issue. The team would include an expert on training to discuss the points in that part of the Peruvian proposal.

4. Concerning the association of Attorneys General, we believe the Peruvian proposal has merit. We would be prepared to cover the expenses (transportation and lodging) for the first meeting. We would prefer not to make a commitment now to support the association as a permanent institution with its own Secretariat. That question, we suggest, would be appropriate for discussion by the Attorneys General at the first meeting. We also suggest that participation in the first meeting be limited to the principal producing, trafficking and consuming countries: Peru, Bolivia, Ecuador, Colombia, Mexico, Canada and the U.S. Inviting other countries to join could be subject on the agenda. Mid-

¹ Summary: The Department informed the Embassy that it was encouraged by Peru's apparent interest in controlling coca cultivation, and that the Department thought there was a basis for providing assistance and developing a comprehensive coca reduction program.

Sources: National Archives, RG 59, Central Foreign Policy File, D760363–0965. Confidential; Priority. Drafted by Brown; cleared by Weber, King, Bach, Fuller, Sullivan, Ortiz, Fields, Wampler and Pope; approved by Vance. In telegram 7879 from Lima, September 1, the Embassy reported on Peru's proposal for funding, providing personnel, and implementation of a joint U.S.-Peruvian coca reduction program. (Ibid., D760332–0269)

October, we believe, is too near to make the necessary arrangements and we would prefer now to leave the date to be worked out on the basis earliest convenience to the participants. We agree Lima would be the appropriate site.

5. We believe, as GOP apparently intends, cocaine problem should be highlighted as principal focus of meeting to dispel notions of other governments that they are being excluded from a meeting of direct importance to them.

6. Re para 4 above, this cable has not yet received Justice Department clearance. Therefore, no commitment can be made on level of U.S. attendance at proposed meeting.

Kissinger

325. Telegram 249900 From the Department of State to the Embassy in Peru¹

Washington, October 7, 1976, 2111Z.

249900. Subject: Meeting with Peruvian Foreign Minister in NY.

Summary and introduction—there follows MemCon of meeting by Asst. Sec. Shlaudeman and Security Assistance Consultant Maw with Peruvian Foreign Minister Jose de la Puente October 1 in New York. Discussion ranged from the recent Marcona settlement; through USG Assistance to Peru, particularly in narcotics field; to the military supply relationship, including Peruvian purchase of Soviet fighter-bomber.

1. Marcona settlement—Mr. Maw expressed pleasure that the Marcona settlement was now behind us. He said that the implementing ore-sales contract was at that moment being signed in Panama. The

¹ Summary: Shlaudeman, Maw, and Foreign Minister de la Puente discussed the Marcona settlement, cooperation on anti-narcotics programs, and U.S.-Peruvian military relations.

Source: National Archives, RG 59, Central Foreign Policy File, D760379-0300. Confidential; Immediate. Drafted by Strasser and Fuller; cleared by Shlaudeman and Luers; approved by Fuller. Repeated to Santiago. In telegram 8314 from Lima, September 14, Dean advised the Department that the U.S. Government offer FMS to the Peruvians to preempt a Peruvian claim that it was forced to buy Soviet aircraft. (Ibid., D760346-1026) In telegram 8580 from Lima, September 21, Dean proposed the sale of A-4M and F-5 aircraft. (Ibid.) On September 23, Maw approved a \$20 million FMS credit for Peru for both FY 1976 and 1977. (Telegram 234245 to Lima, September 21; Telegram 8678 from Lima, September 23; *ibid.*, D760356-1154)

dispute was settled in a mutually satisfactory manner. Foreign Minister de la Puente also expressed satisfaction and called the Marcona settlement “a model negotiation”, which had laid the basis for further relations between our two countries. He said US negotiator Maw was firm yet respectful and praised his great skills in the negotiation.

2. US assistance now available—(A) Mr. Maw said with the Marcona dispute behind US, the US Government can now turn to efforts to help Peru. Mr. Shlaudeman said we are now at a point where we can intensify relations between our two countries. The US understands the difficult period through which Peru is going.

(B) Mr. Maw told the Foreign Minister that settlement of the dispute had enabled us to meet the September 30 deadline to provide FMS credits to Peru. Mr. Shlaudeman said that we would soon consider substantial CCC credits for Peru and that two aid loans will also now go forward.

3. Narcotics Aid—(A) The Assistant Secretary also announced our intention to help provide assistance to Peru’s narcotics effort. We consider their efforts in this area a positive development.

(B) The Foreign Minister expressed dismay at the reach of illegal narcotics networks as far as 800 miles into Peru from Colombia. Mr. Shlaudeman said this is a complicated problem, involving the economics of certain areas; the crop substitution program for producers of coca is an important measure.

(C) Mr. Shlaudeman expressed interest in US-Peruvian cooperation. The USG is prepared to finance a study to define the drug problem in Peru and how to deal with it. US experts will be going to Peru for preliminary talks (State 239313).

(D) The Foreign Minister asked the appropriate contact point for cooperation in this matter and was told his Government should deal with our Embassy in Lima. De la Puente asked who the Peruvian counterparts in this effort should be. It was agreed that the Peruvian Ministries of Agriculture and Health were important, but that the coordinating role for the effort should be the Ministry of Interior, as this was not only an economic but also an enforcement problem.

(E) The Foreign Minister asked if the possibility of international cooperation in drug enforcement has been examined. Mr. Shlaudeman expressed the belief that there must be an effort of international organization in this area. The US supports the idea of regional cooperation in drug enforcement.

(F) de la Puente pledged to speak to senior colleagues in the Peruvian Government about this matter on his return to Lima.

(G) Mr. Maw suggested the desirability of Assistant Secretary Shlaudeman going to Lima in the near future to discuss this matter.

Mr. Shlaudeman said he would be pleased to go to Lima. The Foreign Minister expressed interest. He is concerned that not only in the large but also the small towns of Peru the youth are being attracted to cocaine, and the use of semi-processed cocaine is common among Peruvian youths.

4. Military relationships—(A) Assistant Secretary Shlaudeman expressed interest in examining the State of US-Peruvian military relations which he characterized as having been tortured and difficult.

(B) Saying that we had received GOP requests for offers to provide aircraft, Mr. Shlaudeman said that we also have reports of Peru's intention to buy Soviet bombers. He said it was difficult to be competitive with Soviet offers.

(C) The Foreign Minister admitted it is hard to beat the Russians. He said he had spoken the night before with the Chilean Foreign Minister Carvajal, who said that when he was Chief of Staff of the Chilean Armed Forces under Allende, he had dealt with the Russians. The Soviet Military Attaché at that time refused to discuss the price tag of the items in question or such things as time of delivery and spare parts arrangements. He just insisted on yes or no answers concerning Soviet purchases.

(D) The Foreign Minister said, however, that the problem of aircraft purchases goes back over three years. Expressing his desire to be frank, he said that word had gone out to American, French and British, as well as the Russians, that Peru would like to replace its aircraft. The US showed little interest in the request. French and British offers were too expensive. The Russian offer, however, was extremely attractive.

(E) Mr. Shlaudeman said the US is prepared to make available price and availability data on the A-4 Skyhawk. We cannot outbid the Soviets, however. Also, the FMS credits being made available are not sufficient to cover aircraft purchases. Speaking candidly, he said the USG is not refusing to provide aircraft, and it is not our position on principle to refuse aircraft to Peru.

(F) de la Puente said Peru's intention was merely to replace obsolete aircraft so that Peru will have a relatively respectable air capability over a period of time.

(G) Mr. Maw said that in recent discussions in Washington, a suggestion had been made to send to Peru a group of top people to examine questions of availability, price and need of such purchases. He suggested among this group that General John Waggener be included. The Foreign Minister said this was excellent. He thought Prime Minister Morales Bermudez would love to have General Waggener and in fact he knew that Waggener had already spoken to the Prime Minister about this idea. It was also suggested that General Cavazos of DOD/ISA be part of the mission.

(H) Mr. Shlaudeman said that the Soviet SU–22 introduces a new military dimension into the region. It offers an offensive capability and is more sophisticated and powerful than aircraft held by Peru's neighbors. He said he was pleased de la Puente is talking to Chilean Foreign Minister Carvajal and said that he had suggested to the Chileans that they talk to the Peruvians and not only to the US about these matters.

(I) Mr. Shlaudeman said that he hoped the military study mission would be completed before he went to Peru.

(J) The Foreign Minister said he will discuss these proposals with Prime Minister Morales Bermudez and he was sure he would be delighted with them. He expressed the difficulties inherent in an American offer to replace that of the Soviets'. Though sympathetic personally to it, he said it would be difficult to convince the military to accept inferior aircraft at less attractive costs. It will be especially difficult among the younger officers. The Foreign Minister said it would not be easy to undo what had already been done and admitted that the Soviet offer had "placed them in a mess". He felt the Soviets had been clever in offering Peru very sophisticated aircraft (not of the type desired or requested) at bargain-basement prices. It would now be difficult for Peru to go back on such an offer. Minister de la Puente expressed concern that the purchase of sophisticated, offensive aircraft is inconsistent with Peru's posture on the diminishing of tensions and on arms reduction in Latin America.

(K) Mr. Shlaudeman said that there has been Peruvian interest in the US F–5 interceptor, which is not an offensive but a defensive aircraft. The Foreign Minister said that the US had an upper hand in one area, that of spare parts. The Foreign Minister asked the Americans to keep close touch in Washington with his Ambassador. He did not mean that working-level contact with the Peruvian Air Attaché should cease but thought that the Ambassador had "an overall approach" to the problem.

(L) The Foreign Minister said he would raise this matter within the Cabinet. (He said he meets once a week with the Prime Minister along with the three other members of the Junta.)

5. Economic relations—(A) Mr. Shlaudeman expressed an interest in further exchange in areas such as trade and cooperation for development. In response, the Foreign Minister stated his belief in the value of private foreign investment—meaning American investment—in the process of Peru's development. Development means an increase in productivity. It is important to expand employment which also has the political effect of absorbing political demands of the labor sector which had previously gotten out of hand. He believes Peru has gotten beyond the phase where there are "good and bad" Peruvians, i.e., workers and managers. Peru needs foreign companies and recognizes

they operate to make a profit. Their objectives can be harmonized with national interests.

(B) Minister de la Puente said the Peruvian system of mini-devaluations is proving successful. The devaluations are scientifically computed, and do not provide great unknowns to foreign business. The myth has been broken that devaluation of currency represents an admission of economic failure on the part of a country.

(C) LOS matters were touched on briefly, and it was hoped that there might be discussions on this matter in the future.

Robinson

326. Telegram 10217 From the Embassy in Peru to the Department of State¹

Lima, November 9, 1976, 1915Z.

10217. Subject: U.S.-Peruvian Relations: Where They Are and Where They May Be Going.

Summary: The Peruvian Government has changed its political course and economic policies over the last year. The changes are favorable to U.S. interests and prospects for further improving bilateral relations. The key to these changes was Peruvian economic difficulties, brought on by the world economic slump and the GOP's own errors. During the next two years or so of recovery efforts the GOP can be expected to look to the U.S. for understanding and assistance and bilateral relations should be better than during the previous eight years. Areas of potential friction in our bilateral relations include human rights, arms purchases especially those from the Soviet Union, and narcotics. The Mission recommends continuance of the present U.S. approach to Peru. We can exercise some influence but the GOP will continue to make decisions on the basis of what it sees as domestic imperatives. End summary.

¹ Summary: Dean reported that U.S.-Peruvian relations had improved during 1976. However, new problems were emerging, such as human rights and narcotics, which could complicate future relations.

Source: National Archives, RG 59, Central Foreign Policy File, D760421-0520. Confidential. Repeated to Brasília, La Paz, Quito, and Santiago.

Background: The First Phase of the Revolution

1. The Peruvian Revolutionary Government of the Armed Forces took power eight years ago. During the seven years of General Juan Velasco Alvarado's leadership—now termed the first phase of the revolution—bilateral U.S.-Peruvian relations were mediocre at best. This was so even though the U.S. expressed and demonstrated support for the overall stated goals of the revolution: to develop the country and bring about full participation by the people.

2. The U.S. did not in fact object in principle to the Revolutionary Government's announced determination to end what it saw as excessive economic and political dependence upon the U.S. The bilateral difficulties arose and continued because of the means the GOP employed to end its "subservience" to the U.S. First, the GOP undertook a series of expropriations of U.S. economic holdings under the general rubric of gathering unto the Peruvian State all basic industries. Expropriations began with the International Petroleum Company (IPC), just six days after the October 3, 1968 coup d'état.

3. Compensation to U.S. owners of expropriated property has been at first denied by the GOP and then has been the subject of tedious negotiations. It took over five years to reach a compensation agreement for IPC and other initial expropriations. We have only just settled the Marcona Mining Company case (expropriated July 1975). Compensation for the small former Gulf Oil Company holdings taken in May 1975 is still pending (although the GOP has indicated its desire to reach a settlement satisfactory to the company).

4. The U.S. retaliated against the earlier Peruvian expropriations without compensation by withholding economic assistance to Peru. (A complicating, but not directly related factor, was Peruvian seizure of U.S. tuna boats and our retaliation by cutting off military and economic aid). As regards later expropriations, U.S. private bankers implicitly linked balance-of-payments loans that the GOP was seeking to a Marcona settlement.

5. A second irritant to bilateral relations was that, in attempting to reduce or offset traditional U.S. influence in the country, the Revolutionary Government sought ties with a number of communist countries, notably the Soviet Union and Cuba. Aside from diplomatic activity, Cuban influence grew through the activities of civilian advisors in various ministries and links to the government palace. Soviet influence waxed through the sale of military equipment and associated training of Peruvian Military Officers in Peru and the USSR. In seeking a diplomatic counterweight to the U.S., the Revolutionary Government also sought membership and then leadership in the non-aligned movement. In return for what it perceived to be valuable support from its NAM

partners, Peru went along at least with some NAM moves of no particular interest to Peru but which were irritating to the U.S.

6. Domestically, the GOP welcomed support from various communist and leftist groups. In return, these groups enjoyed carte blanche to attack the U.S., particularly in the press and in public statements. A number of leading military officers in command and governmental positions were themselves radicals, including the one-time Prime Minister Fernandez Maldonado and Foreign Minister Miguel Angel de la Flor. Although not pro-communist, the irascible, ultra-nationalist President Velasco permitted and even encouraged anti-U.S. attacks from all quarters.

The Second Phase: Movement Back Toward the Center

7. The low State of U.S.-Peruvian relations began tentatively to change in August 1975, with the removal by the Armed Forces of President Velasco and his replacement by General Francisco Morales Bermudez. Morales Bermudez' leadership promised to be somewhat less radical and dogmatic than that of Velasco, more pragmatic, prudent and predictable. He had the reputation of being a trained economist and experienced Finance Minister, at a time when there were signs that the Peruvian economy was in trouble.

8. The ambience of U.S.-Peruvian relations was improved in the early months of the new regime, but it was hard to point to any concrete measures tending to real improvement until March-April 1976. At that time the Navy, which had long chafed under the leftward lurches of the revolution, found enough support among Army leaders to lead a campaign to force a change in the Directors of the Government-guided newspapers and a purge of communists and many leftist/anti-U.S. elements in the press. The Navy and its Army colleagues also forced the scrapping of the new Revolutionary plan "Tupac Amaru", which had elements that would have kept U.S.-Peruvian relations at their low ebb.

9. Moderate-to rightist Army leaders set about purging top and then middle-grade radical officers. In July the leftist Fernandez Maldonado fell along with others including de la Flor. The moderate General Guillermo Arbulu Galliani became Prime Minister and a Civilian Career Diplomat, Jose de la Puente Radbill, was named Foreign Minister.

The Economic Crisis: Key to Change

10. Meanwhile, the economic situation had become critical, and the GOP frankly recognized it. Civilian Finance Minister Luis Barua Castaneda correctly ascribed the "crisis" to a combination of the world recession and consequent lessened demand for Peruvian raw materials, and to the economic and investment errors of the first phase. Other

spokesmen including Morales Bermudez himself said the same thing. The inescapable conclusion was that things would have to change. Morales Bermudez' first, pre-July, prescription, "the more crisis, the more revolution", simply would not do.

11. Peru had to increase production and exports. Because of one of Velasco's last irrational acts while in office, the nationalization of Marcona, Peru was foregoing yearly iron exports worth \$100 million. Copper prices were down. The anchoveta fish, basis for Peru's second largest export, fishmeal, had disappeared. Petroleum finds were disappointing, particularly since Peru had invested heavily in an oversized pipeline to bring hoped-for riches from the jungle over the Andes to the sea. The revolutionary concepts of social property and industrial community lowered production or at least did not increase it, while they scared off potential investors. Agricultural production was not keeping pace with population growth. Peru simply ran out of foreign exchange, and there was no prospect of balance-of-payments help from the U.S. and the west while the GOP withheld compensation for Marcona and continued a revolutionary program that was beyond its means. Economic help of the kind Peru needed was not available from communist countries nor, for all Peru's brandished third-world image, from the Arabs.

12. In May and particularly July, Peru began to take the required measures to put its economic house in order. Devaluation, more economically rational pricing of food and consumer goods, and compensation for Marcona are among the more visible measures. One hears of pending changes in the concept and implementation of social property and the industrial community. The Commerce Minister talks of incentives for potential investors, particularly foreign ones.

13. Politically, the GOP with moderates now in control has veered its domestic orientation toward the center. It has all but ceased attacking the U.S. and has ceased to tolerate the violent attacks in the media that were a feature of the Velasco period. The GOP has moved against its erstwhile domestic communist supporters and their foreign, particularly Cuban, advisors. This has particularly been the case in labor, where the GOP has locked up labor activists for fomenting strikes that are illegal under the State of Emergency declared last July and renewed monthly.

14. Internationally, the GOP's move back toward the center has led Peruvian Foreign Policy to distance itself somewhat from the non-aligned movement, at least its radicals and those primarily interested in political as distinct from economic issues. Peru recently took a relatively moderate position, helpful to the U.S., on several key issues at the Colombo meeting of the non-aligned and in UNESCO. President Morales Bermudez has announced that the GOP will devote more energies to relations with its hemispheric neighbors. A program of

high-level visits with the Argentines, Bolivians, Colombians, Chileans, Brazilians and Venezuelans is under way.

Looking Ahead

15. The reorientation of Peruvian domestic and foreign policies described above has meant improvement in U.S.-Peruvian relations. U.S. banks are prepared to help Peru economically through a \$200 million-plus balance-of-payments loan. Despite this, we believe that Peru will continue to suffer economic difficulties for at least two years. During this period the GOP will see a reasonably friendly political stance toward the U.S. as necessary to obtain the economic assistance, particularly from U.S. banks and the IFI's, that Peru will need. Such a climate of relative good feeling and intensified cooperation should permit us to continue and intensify our efforts to lay the foundations for steadily improving relations over the longer term.

16. The current GOP course to lessen far-leftist influence in the country becomes increasingly more difficult to reverse because the Morales Bermudez government is alienating the left and its international supporters. These quarters are in turn beginning (verbally) to attack the Government in retaliation and the distance between the Revolutionary Government and its erstwhile leftist supporters is growing.

17. As to foreign policy, Peru will probably remain a member of the non-aligned movement, but it is likely to concentrate on the economic, "bread and butter" issues of the north-south dialogue. Peru is likely to exercise a moderating influence as regards political issues that particularly concern the U.S.

18. Regarding relations with the Soviet Union, we think the GOP will be on guard against undue activities or influence but will seek to maintain a beneficial relationship. For their part, we think the Soviets will continue to play for the long term in Peru, seeking to maintain influence in the armed forces and win friends among middle-grade officers through the arms assistance and training programs. That means the USSR is likely to continue to offer attractive arms deals to Peru, and Peru, although increasingly aware of the constraints and political costs, will be tempted to accept certain of them for reasons of economics and availability and in the belief that it can minimize the dangers of concomitant communist influence or indoctrination.

19. Cuba is another matter. The Cubans here have been less patient and more activist than their Soviet colleagues. It is comparatively cheap for the GOP to allow relations to worsen and reduce the Cuban presence here. Peruvian state security could be enhanced, as some Peruvian military officers now in the ascendancy appreciate. On the other hand, Cuba is likely to try to maintain influence clandestinely, and may ultimately

encourage guerrilla/terrorist groups. If so, Peruvian relations with Cuba will worsen even more.

20. As to the type of Peruvian Government the U.S. is likely to be dealing with, we do not see any real challenge to continued military rule, nor any marked disposition among the military to permit a return to civilian government. We cannot completely discard a military decision to turn the government back to civilians through some phased election or simple substitution process, but we do not foresee this for some time to come. Rather, if Morales Bermudez is discredited by failure to cope with the economic crisis, a group headed by Arbulu or some military troop commander might displace him. We do not see a strong leftist clique on the horizon and therefore conclude that if Morales Bermudez is removed his successor will likely be a politically moderate-to-rightist figure. It follows that we do not see a return to the radical policies of Velasco over the next two years.

Clouds on the Horizon

21. The human rights field may prove troublesome in our bilateral relations. Up until now Peru's record has been relatively clean and this country does not have a tradition of violence or physical abuse. However, if as we anticipate, the GOP increasingly restricts the activities of the left, including the labor left, we may see an action/reaction cycle. This could involve more and more active leftist reaction to government pressure, more government pressure, leftist direct action including terrorism/guerrilla activity, government suppression and possibly even repression. GOP's decisions are now taken in consultation with the military commanders, principally the five zone commanders. This group has in the past shown little regard for international public opinion when it perceived serious national questions to be at stake. Thus, Peru could possibly come to be perceived as a "human rights problem country" with the possible strains on our bilateral relations that this perception could bring.

22. Another potentially troublesome problem may be continued Peruvian arms purchases, including those from the USSR. U.S. Congressmen and press will probably criticize such purchases, and the military government's reaction is likely to be negative.

23. A third cause of possible future friction is the broad narcotics problem. The illegal over-production of coca leaves by the Peruvian Campesino is the basis for much of the illicit international cocaine traffic. Peruvian law enforcement agencies have good programs of cooperation with the U.S. to combat illegal trafficking. However, Peru is only just beginning to perceive that it should move to eliminate illegal coca production, and its adoption of effective control programs is likely to be slow at best. Some poppies are being planted in the nearly inaccessible

north of the country, perhaps now solely to supply opium for consumption by the Chinese community in Lima and Guayaquil. If opium growing continues unchecked in Peru, however, heroin traffickers may turn here for supplies.

24. The Mission has dealt with various problems areas in our relations with Peru in the CASP, the narcotics control plan and in specific messages. A consistent element of our recommendations and of present U.S. policy toward Peru has been that the U.S. should deal openly and frankly with the GOP in a continuing dialogue and effort to advance mutual interests and to resolve problems. We should reiterate our support for the overall stated aims of the Peruvian revolution (without, however, endorsing every means the GOP adopts). We should indicate our willingness to cooperate toward the proclaimed goals of the revolution within our own real economic and political limits, and the constraints of Peruvian sovereignty. At the same time, we should ourselves understand that while U.S.-Peruvian relations are improved, and while we may have more influence than we did a year ago, the GOP will still take policy decisions on the basis of what it sees as domestic imperatives.

Dean

Uruguay

327. Intelligence Memorandum Prepared in the Central Intelligence Agency¹

Washington, February 9, 1973.

Uruguay

(Situation Report Number 1—As of 3:00 PM EST)

1. President Bordaberry's position in his confrontation with the military has continued to deteriorate as the rebellious generals have stiffened their resolve to force Bordaberry to back down on the appointment of retired general Francese as defense minister. As long as the military remain adamant, Bordaberry's only way out would be to give in to the generals' demand that he dismiss Francese. This would surely mark Bordaberry as merely a puppet of the military, although he might save some face by accepting the collective resignation of the entire 11-member cabinet that was presented to him this morning. Contacts were made between the rebel generals and representatives of the military this morning in an apparent attempt to find a compromise solution.

2. The army has taken control of all radio and television stations in the capital and is using them exclusively to broadcast military communiqués. The "army and air force commands" have again demanded that the President fire Defense Minister Francese and have issued a call for their comrades in the navy to join them. As of 1300 hours, however, the navy continued its support of the President and had sealed off the port area.

3. Most civilian political sectors have expressed their support for the President, but the Christian Democrats' newspaper—which usually speaks for the Frente Amplio, the principal leftist coalition—has sided with the military. The Communist-controlled labor confederation has announced that it will declare a general strike if the military seizes power. *[less than 1 line not declassified]* the Communists view the strike as a "pro forma" move and do not intend to antagonize the military

¹ Summary: The Central Intelligence Agency described the ongoing crisis between President Bordaberry and elements of the Uruguayan military, nominally over the appointment of a new defense minister. It concluded that although civilian support for the military position was slim, the military could still overthrow President Bordaberry if it chose to.

Source: Central Intelligence Agency, Office of Support Services (DI), Job 79T00861A: Intel Pub Files (1973), Box 4, Folder 30: Uruguay (Sit Rept 1). Secret; *[handling restriction not declassified]*.

by provoking any violence. The Communists apparently are hopeful that a progressive nationalist regime would come to power if the military took control and are prepared to adopt a wait-and-see attitude.

4. The army and air force have the power to overthrow President Bordaberry, even if the navy continues to support him. So far, however, the rebel leaders have focused only on forcing the removal of the defense minister. Their apparent willingness to negotiate earlier today indicates that they may be willing to step back from the brink if Bordaberry gives in to their demand. The armed forces do not appear to have a plan to govern and might well accept some solution that gave the military a direct voice in the government but retained a civilian at the top.

328. Memorandum From the Executive Secretary of the Department of State (Eliot) to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, February 9, 1973.

SUBJECT

Army and Air Force Insurrection in Uruguay

Current Situation:

President Bordaberry has sought and obtained the resignation of Defense Minister Malet and replaced him with 73-year old retired Army general Francese who served as Minister of Defense during the late 1960s. Partly due to this act and other complications, including recent criticism of the Armed Forces by a Uruguayan Senator, a conflict has developed between the Army of Uruguay, led by General Cesar Martinez, probably supported by the Air Force, on the one hand, and President Bordaberry, supported by the Navy, on the other.

¹ Summary: Eliot summarized the dispute between President Bordaberry and the different branches of the military and reported that instructions had been given to the Embassy to remain neutral.

Source: Nixon Library, NSC-Latin America, Box 796, Folder 3. Confidential. In a memorandum to Scowcroft on the same date, Howe reported that there did not appear to be any "foreign involvement" in the dispute and that it "does not concern political orientation and factions but rather the degree of civilian versus military control in the government." He noted that Uruguay "has one of the few democratic governments that have survived in Latin America" but that there appeared "to be no immediate policy implications for the US." (Ibid.)

Martinez and the Commander of the Air Force, Brigadier Perez Caldas, have stated that they would not accept the orders of the new Minister of Defense and have called for his removal. The President has asked for their resignations and addressed the nation on radio-TV late February 8, calling for harmony and public support.

The Navy is supporting the constitutional government and has drawn up forces within part of downtown Montevideo, including the port area. The Army and Air Force have occupied most of the radio and TV stations in Montevideo, thus obtaining greater access to the public ear, and have blocked off part of the city where the main Army base in Montevideo is located. The Army has called on the Navy to join with it and the Air Force and to return to its traditional role in the water, reserving to the Army activities on land, but the Navy has declined. There is some indication that the Cabinet has resigned to free the President's hand in the conflict.

This is the first time in recent history that the armed forces of Uruguay, which have been stimulated by their success against the *Tupamaro* urban guerillas to greater involvement, have become politically active. The principal players on the Army side do not seem to have a significant personal following. If they are removed from the scene, calm may be restored. Representatives of the President and the dissidents met late on February 9, and while there has been no physical conflict between the opposing groups thus far, we are seriously concerned about the likelihood of the overthrow of the Bordaberry Government, although time can be a coolant.

Our Role:

Our Embassy has been instructed to be careful to avoid being drawn into the conflict or to be used as an intermediary. We do not wish to get ourselves into a position where we even appear to be a party to the demise of Uruguay's democratic constitutionalism should that take place. Our Embassy has been authorized to take the line with the Uruguayan Army leaders of all factions and others that we hope and urge that the conflict can be resolved within the framework of Uruguay's great constitutional tradition and without bloodshed.

Probable Orientation of a Military Government:

Should a military takeover occur, we expect that a new government would probably be more conservative than the Bordaberry government. This general orientation is by no means a certainty, however, because the leaders of the activist military appear to have no definite politico-social orientation, other than a desire for more vigor in the address to Uruguay's serious social and economic problems. In any

event, the technical and administrative competence of the Uruguayan military is very much in doubt.

Theodore L. Eliot, Jr.
Executive Secretary

329. Memorandum From Serban Vallimarescu of the National Security Council Staff to the President's Deputy Assistant for National Security Affairs (Scowcroft)¹

Washington, February 9, 1973.

SUBJECT

Uruguayan Situation Report

President Bordaberry's position in his confrontation with the military appears to have deteriorated as the rebellious generals have stiffened their determination to force the President to dismiss retired General Francese as Minister of Defense. As things stand now it would seem that Bordaberry's only way out would be to give in to the generals' demands. This would certainly mark him as merely a puppet of the military although he might save some face by accepting the collective resignation of the entire 11-member Cabinet that was presented to him this morning. Behind the scene attempts to find a compromise solution are continuing.

A communiqué issued earlier today in the name of "Army and Air Force Commands" announced that, in view of "false" news reports, the Army and the Air Force had taken over the broadcast facilities of two major Montevideo radio stations to broadcast the "true" version of developing events. While denying that the Army and the Air Force sought to create a situation of violence or to damage the nation's institutions, the communiqué called again for the dismissal of the Minister of Defense. A second communiqué from the same source made a strong appeal to the Navy to join the dissident Army and Air Force elements. The Navy Command flatly rejected the appeal. Our Embassy reports that the Navy's barricade of the old city section of Montevideo

¹ Summary: Vallimarescu reported on the situation in Montevideo, analyzed the roots of the conflict and noted the degree of support for each side.

Source: Nixon Library, NSC-Latin America, Box 796, Folder 3, Uruguay Vol. I [1 of 2]. Secret. Sent for urgent information.

has been reinforced by the addition of various heavy vehicles at various intersections near the harbor. Nearly all Montevideo radio and TV stations are apparently under the control of the Army and the Air Force and are being used exclusively to broadcast martial music and military communiqués.

Most civilian political sectors have expressed their support for the President. However, a newspaper which usually speaks for the principal leftist coalition has sided with the military. The Communist-controlled labor confederation has announced that it will declare a general strike if the military seizes power. A clandestine source reports, however, that the Communists view the strike as a “pro forma” move and do not intend to antagonize the military by provoking any violence. The Communists apparently hope that a “progressive” nationalist regime would come to power if the military took control. Another clandestine source reports that journalists linked to the extreme leftist National Liberation Movement claim that a military coup is inevitable and represents a great victory for “the forces of national liberation.”

Our Embassy in Montevideo has been instructed to be careful to avoid being drawn into the conflict or to be used as an intermediary. We do not wish to get ourselves into a position where we even appear to be a party to the demise of Uruguayan constitutionalism should that take place. Our Embassy has been authorized to take the line with the Uruguayan Army leaders of all factions and with others that we hope and urge that the conflict can be resolved within the framework of Uruguay’s great constitutional tradition without bloodshed.

I should point out that there are no ideological differences between President Bordaberry and the senior military leaders. Bordaberry, who was elected President on November 28, 1971, is a member of the conservative wing of the Colorado Party, one of the two traditional Uruguayan political parties. He is a staunch anti-communist and a friend of the United States, as are the military leaders who are challenging him. The civilian-military conflict has been developing for the past several months over the military’s insistence for a more prominent role in the policy-making process. The Army and Air Force leaders have been actively charging politicians with corruption and misuse of government funds. They have been unhappy with the slowness of the executive in investigating their allegations.

330. Telegram 436 From the Embassy in Uruguay to the Department of State¹

Montevideo, February 11, 1973, 1828Z.

436. CINCSO for POLAD. Subject: Preliminary Analysis of Possible External Orientation of Uruguayan Military. Ref: MVD 2773, 2672, 2621, A-167 of October 7, 1972.

1. Summary: The Uruguayan military group, which has now openly attained dominant power in Uruguay, share many common characteristics with other reformist, Latin American military. There are some similarities with the orientation of the Peruvian Military. Basically, however, the Uruguayan military at this stage are inward rather than outward looking. They are highly nationalistic and suspicious of foreign activities. End summary.

2. Speculation that the Peruvian military government is the model for the Uruguayan military dissidents and that the Uruguayan military want to set Uruguay on a radical populist, not to say Marxist, left has been most active in spreading this line. Developments during the past few days will no doubt reinforce this hypothesis, especially abroad. In my judgment and based on what we know now and previous service in Peru, there are some important similarities between the orientation of the Uruguayan military dissidents and those observed in their Peruvian brothers-in-arms.

3. The Uruguayan military share the conviction of their Peruvian colleagues that they and only they can save the nation and can identify disinterestedly with the well-being of the masses. They have some common group characteristics of idealism, moralism, being thin-skinned, prideful, suspicious and contemptuous of those not agreeing with them. They instinctively distrust politicians and businessmen,

¹ Summary: The Embassy reported that the Uruguayan military, now the dominant power in Uruguay, shared some elements of a leftist political orientation with the reformist Peruvian military government. Ultimately, however, the Embassy concluded that Uruguay's military was unwilling to govern directly and too nationalistic to consciously model itself on the military of any other South American nation.

Source: National Archives, RG 59, Central Files, 1970-73, POL 23-8 UR. Confidential; Priority; Limdis. Repeated for information to Brasilia, Buenos Aires, Lima and Southcom. In telegram 519 from Montevideo, February 16, the Embassy reported that a meeting had taken place between some leaders of the military and the Convención Nacional de los Trabajadores (CNT), and that on February 13 the Central Committee of the Communist Party of Uruguay (PCU) had declared its support for some points in the military's platform. The Embassy concluded that there was "a coincidence of interests" between the military, the labor movement and the communist party that led to "a tactical 'alliance' which is very unstable, given the extreme hostilities which have existed between these groups in the past." (Ibid.)

believing them to be corrupt almost by definition. They tend to see problems and their solutions in simplistic and idealized terms as perusal of their policy statements shows. (MVD 429 and 432). We note section of Army/Air Force communiqué 7773 which reads: “. . . the Armed Forces neither adhere nor adjust their mental outlooks to any specific politically partisan philosophy, but seek to adjust their beliefs and orient their actions according to the native and original concept of an ideal Uruguay . . . which will offer the greatest well-being and happiness to all its sons. This concept will be achieved with the creation and consolidation in all Uruguayans of the mystique of Uruguayaness, which consists in recovering the great moral values of those who forged our nationality and whose basic facets are: patriotism, austerity, disinterest, generosity, honesty, self-denial and firmness of character . . . ” They are thus more eclectic than ideological, but because they desire public support, if not adulation, share a strong tendency towards demagoguery. They also share a suspicion of foreign activities in their country and a great desire for independence from any form of foreign tutelage. As in Peru, the Uruguayan military have made studies of various aspects of Uruguay’s problems at the Military Institute for Superior Studies (IMES) under the direction of civilian instructors, most of whom are believed to have a statist, but not, as in Peru, Marxist orientation.

4. There are also important differences between the Peruvian and Uruguayan situations. There is a great difference between the two countries, their cultures and their traditions. The Uruguayan military must operate in a country having a highly developed institutional framework, a high degree of civic pride and individual freedom, a well-educated and sophisticated population, and a strong tradition of civilian control over the military. The Uruguayan military realize they will have to rely on civilian collaboration. Apparently at this stage, they as individuals are not willing to assume direct responsibility for governing as in Peru.

5. If the Uruguayan military were to look abroad for a model, Argentina, the nation most resembling Uruguay, comes first to mind. However, Uruguayans are all too aware of the failures of “Argentine Revolution”. Brazil is an attractive model because it is a working one. However, Brazil is traditionally feared even more so as its growing power is felt here. The Uruguayan military, conscious of their nationalistic image, will not wish to appear open to charges they are the southern appendage of the northern colossus. Thus, while Brazilian model will have great influence of Uruguayan military thinking, we doubt there will be an open identification.

6. Peru, on the other hand, is far away. It has a good nationalistic image acceptable to many political segments in Uruguay, especially

on far left and among dissident youth. It is also widely believed here that "Peruvian Revolution" is a success. These factors may incline some of the Uruguayan military not to reject an identification with the Peruvian model, if they believe it is in their interest to project a radical, revolutionary image. The Marxists will do everything they can to push for this identification. However, we expect the Uruguayan military to remain basically inwardly-oriented and highly nationalistic.

7. We shall report soon what we perceive to be the attitudes of the dissident Uruguayan military towards the U.S. As of now, few of us here doubt that it will take some time before it will be possible for us to establish an easy working relationship with this group. We do not foresee at any time soon that they will drop their disposition to be highly suspicious of us.

8. *[less than 1 line not declassified]*

9. Department may disseminate as desired.

Ortiz

331. Telegram 453 From the Embassy in Uruguay to the Department of State¹

Montevideo, February 13, 1973, 1328Z.

453. Subj: Preliminary Recommendations Re U.S. Posture in New Uruguayan Situation.

1. Although it will be some time before the full implications are known, the "total agreement" reached between the President and the armed forces has ended Uruguay's institutional crisis at least temporarily. To all appearances the agreement essentially preserves the constitutional and institutional framework. Aside from a few changes in top

¹ Summary: The Embassy noted that an agreement between President Bordaberry and the armed forces had ended the political crisis with minimal changes to Uruguay's government institutions or personnel, although the "locus of power" now rested in the military. The Embassy recommended that the U.S. adopt "a low-key, business as usual position" on routine interactions between the two governments but watch new developments carefully.

Source: National Archives, RG 59, Central Files, 1970-73, POL 15 UR. Confidential; Immediate; Limdis. Repeated Immediate to Southcom and to DIA. In a memorandum to Kissinger, February 13, Eliot reported many of the same points about the agreement but made no policy recommendations. (Nixon Library, NSC-Latin America, Box 796, Folder 3, Uruguay Vol. I [1 of 2])

officials the structure of the GOU has scarcely been altered. Essentially what has been overturned is not so much the government or the institutions but the locus of power with the military now dominant over the civil authority.

2. While obviously it is too early to recommend the most advisable posture in this new situation our current thinking is that we institute a low-key, business-as-usual position insofar as routine operations are concerned. Since there has been so little change in the GOU structure, any other position on our part would seem abnormal. Contrary to our expectations we have received several friendly feelers from elements of the military dissidents. We therefore recommend continuation of normal official and personal relations with GOU officials and agencies.

3. However, immediately ahead we will be faced with other than routine decisions. As examples, there are pending, requests for naval vessels; ammunition; offers of equipment under Mimex-Simex; the loan for the Fiat plant; agricultural commodities, etc. Also we will have to decide the manner in which we go about dunning the GOU for a ten percent payment on grant military assistance and the past-due postal debt. As of now we believe we should handle each such case on an ad-hoc basis. However, we should be very slow in undertaking any new commitments until the situation is more clear. It may well develop that at least in the short term our policy objectives in Uruguay will be easier to accomplish under the system now established if military pressures on the Uruguayan bureaucracy make it function more effectively.

4. It is worth emphasizing that throughout this crisis the military dissidents no less than the constituted authorities took great pains to emphasize their commitment to Uruguay's legal framework and constitutional structures. The military have thus far held to this legalistic line despite great temptations to do otherwise and despite some elements who favor extra-constitutional actions. This commitment to legality and constitutional form is to a great extent explained by Uruguay's strong democratic traditions. However in my judgment the military are also influenced by what they believed might be the domestic and foreign, perhaps especially U.S., reaction to a Golpe in the usual Latin American sense. Another satisfying result is that; although there were moments of great tension, restraint avoiding the shedding of blood was exercised.

5. We appreciate Department's efforts in avoiding public comment that might complicate our position in the transition period. What has emerged, we consider, is an Uruguayan solution to an Uruguayan problem.

Ortiz

332. Telegram 28424 From the Department of State to the Embassy in Uruguay¹

Washington, February 14, 1973, 2243Z.

28424. Ref: MVD 453. Subject: Preliminary Recommendations Re U.S. Posture in New Uruguayan Situation.

1. We concur in "wait and see" policy regarding Uruguayan Developments. Regular contact should be resumed by mission personnel with GOU authorities. Naturally, we will follow through on any existing commitments, but agree that we should go very slowly in completing any unfinished business, undertaking any new initiatives in existing programs, and starting up new activities.

2. Pending items in para 3 reftel should be weighed carefully on ad hoc basis in consultation with US. Dunning GOU on ten percent payment on military assistance and collection of postal debt appears to US as routine matters to be taken up as normal business.

3. Members country team are commended on excellent reporting.

4. We have no intention of making any public comments on Uruguayan situation. If asked, we will stick to facts as we know them and avoid interpretation.

¹ Summary: The Department of State concurred with the Embassy's recommendation that contact with the Uruguayan Government should be normal but that any new initiatives should wait until developments in Uruguay were clearer.

Source: National Archives, RG 59, Central Files, 1970-73, POL 15 UR. Confidential; Limdis. Drafted by Stedman and K.N. Rogers; cleared by Crimmins; and approved by Meyer. Repeated for information to Southcom. Telegram 453 from the Embassy in Uruguay is Document 331.

333. Memorandum Prepared in the Central Intelligence Agency¹

Washington, April 10, 1973.

SUBJECT

The Future Role of the Military in Uruguay

Summary: The military revolt that occurred in mid-February after President Bordaberry attempted to stop military meddling in politics has left the armed forces in virtual control of the government. Bordaberry remains in the presidency only at the sufferance of the armed services, who appear to want to maintain civilian institutions intact to give military control of executive policy a semblance of continued democratic rule and constitutionality.

The vehicle for the military's direction of government will be a newly created National Security Council composed of the commanders of the three branches of service and key cabinet ministers. The military's initial interest in civilian matters has been to move against corruption in and out of government. There are indications, however, that the armed forces will quickly turn their attention to measures to halt economic deterioration, which last year was reflected in the 94-percent increase in the cost of living.

It is clear that the military officers now overseeing the government have the potential to make dramatic changes in Uruguay's deteriorating economy. The unanswered question is whether they can bring Uruguay's people out of their lethargy and complacency to join in the struggle.

[Omitted here is the body of the memorandum]

¹ Summary: The Central Intelligence Agency concluded that the February dispute between President Bordaberry and the Uruguayan military had ended with the armed forces "in virtual control of the government," and that the military would soon move toward economic reform.

Source: Central Intelligence Agency, Office of Support Services (DI), Job 79T00861A: Intel Pub Files (1973), Box 11, Folder 1: The Future Role of the Military in Uruguay. Secret; [*handling restriction not declassified*]. Attached notes indicate that the memorandum was distributed to Kendall, Jorden, Stedman, Vallimarescu, and Summ.

334. Telegram 1176 From the Embassy in Uruguay to the Department of State¹

Montevideo, April 18, 1973, 1940Z.

1176. Subj: Uruguay Two Months After the Crisis. Ref: Montevideo's A-27 of March 3, 1973.

1. Summary: After two turbulent months, a period of relative political calm has been reached, accompanied by some public optimism that long-standing problems will at last be attacked. The military's leadership has consolidated its central role in the Bordaberry administration and retains the initiative. However, the current political balance is very fragile and pressure by the military for reform, action and change could at any moment provoke a renewal of last February's serious civilian-military problems. End summary.

2. The traditional suspension of all activities during Holy Week (tourist week in secular Uruguay) also marks the two-month point since the severe civilian-military confrontation of early February. The political situation here remains fluid. However, some conclusions can now be reached about the "soft golpe" of early February and the changes it has already produced. There follows an assessment of the various factors influencing the current political scene and their probable implications.

3. The military—Uruguay's military leadership has emerged from the conflicts and uncertainties of the past two months with its determination to press forward with reform and its self-confidence largely unshaken. The military's chosen instrument for action—The National Security Council (COSENA)—has weathered its initial "shakedown". The military chiefs appear satisfied with its operation. Although some complain of the long hours which COSENA meetings take from their

¹ Summary: The Embassy reported that "a period of relative political calm" had been reached since the February crisis, and assessed the factors among the military, President Bordaberry, economic development plans, political parties, the left, and the public that might influence future events.

Source: National Archives, RG 59, Central Files, 1970-73, POL 14 UR. Confidential. Repeated for information to Southcom and DIA. Airgram A-27 from Montevideo, March 3, reported that the rise to power of the military over a civilian political structure that had seemed stable could be attributed to a number of factors, including longstanding Uruguayan economic troubles, the relative prestige of the military versus the government bureaucracy and politicians, Bordaberry's lack of institutional support from a political party, and Bordaberry's poor management of the crisis. (National Archives, RG 59, Central Files, 1970-73, POL 15 UR) In telegram 1199 from Montevideo, April 24, Ortiz reported on his April 20 meeting with Foreign Minister Blanco. Blanco asserted that Bordaberry had power over the military, which he described as anti-communist, and that the new National Security Council (COSENA) would be a useful tool to curb corruption. (National Archives, RG 59, Central Foreign Policy File, [no film number])

daily schedules, no major challenges have been mounted to the military's insistence on a central role in governmental affairs. President Bordaberry has not sought to assert himself in a manner contrary to military wishes. The armed forces leadership now admit that their communiqué of March 23 attacking alleged misuse of privileges on the part of congressmen boomeranged badly against them. However, they consider this a tactical error of no larger consequence, except as a lesson that they are not invulnerable to criticism. They attribute the relative quiet of the political left as an unwillingness to confront them on issues of major importance. Two months' day-to-day involvement in the governing of the nation has also reduced the aggressive and somewhat bombastic tunes of the military's earlier public statements. Its leadership now appears more reserved, aware of the complexities of the problems they face and somewhat more wary of such hasty actions as their March 23 communiqué which leave them open to counterattack and criticism.

4. The play of forces within the ranks of the armed forces' leadership remains a subject of endless speculation by those outside the military's core group. It is generally agreed that such generals as Cristi, the two Zubias, Vadora and Army CINC Chiappe Posse represent the conservative, traditional wing of military thinking, which holds that it is preferable for armed forces to guide, but not itself direct, the GOU. On the other hand, Army General Gregorio Alvarez and Col Ramon Trabal of the Defense Intelligence Service apparently believe that the accomplishment of the goals of the military will require the creation of active support by the masses. They favor more "populist" policies and would see the armed forces more directly involved in governing. Conflicts between these two points of view have undoubtedly occurred—General Alvarez implied as much to the chargé in a recent conversation (being reported separately). As an example, there was a clear difference of opinion between the two groups on their approach to the communist-dominated CNT Labor Federation. Following several meetings between Armed Forces Chiefs and CNT Leaders, a military communiqué was issued which termed the Armed Forces efforts toward National Development and the activities of the CNT to be "irreconcilable". This indicated that conservative military elements had succeeded in imposing their views upon those who favored a softer, more conciliatory approach. Likewise, Col Trabal's recent request for a tribunal of honor because of press stories about his over-liberal "influence" was probably designed to seek the "seal of approval" from more conservative military leaders on his conduct since last February. For the moment, however, these differences appear to be more of style and tactics than of substance. Whatever their internal disagreements, the military's leadership continues to march under one banner. These dif-

ferences are thus far of less importance to them now than the overriding need to preserve military unity and a common action front. A very significant but largely unknown factor is the position of Junior Military Officers. As of now, we believe they are content with developments.

5. The President—President Bordaberry, whose private attitudes during the past two months have alternated between deep pessimism and bright hope, is presently in an “up” mood according to sources close to him. Not a problem-solver himself, he appears increasingly content to rely on the COSENA mechanism to deal with his administration’s basic problems. As “Chairman of the Board”, he is closely consulted by the military leadership. They now speak of him with respect and deny that there was any intention to replace him during the February crisis. References to the President as the “jeep” (gree[?], square and driven by the military) have largely disappeared. The President is cautious in asserting his personal leadership, probably because he feels it is not needed in the present situation. His relative inactivity in this regard infuriates civilian politicians, particularly his continual delays in patronage matters such as appointments to the boards of autonomous state enterprises. However, the President, a political conservative himself, obviously feels at home with his military leaders and not too uncomfortable in his role as their Senior Advisor.

6. The five-year development plan—long term development programs in Uruguay are traditionally announced with great fanfare and promptly forgotten. The current plan recently announced by the Bordaberry Administration (MVD 1140) may prove to be no exception. It does, however, offer a sharp break in philosophy as compared to existing governmental economic management and therefore could provide some insight into thoughts of the current military-civilian co-government on the issue of long-term progress in this country. [*less than 1 line not declassified*] that Minister of Economy and Finances Cohen’s initial interventionist, state-dominated approach to development was ultimately not accepted as basis for the current plan. As originally drafted by the office of planning and budget, it posits a much freer economy in which market factors rather than state intervention would play a major role. This draft emerged largely unchanged in its final form, indicating that at least the military leadership had no basic problems with its philosophy. Though weak in its specific programs to implement this philosophy, the new development plan nevertheless gives grounds for some optimism that military leaders do not now intend to push for increased state intervention in the economy and its manipulation for short-term goals.

7. The traditional parties—political leaders for both the Colorado and Blanco parties remain somewhat defensive and highly uncertain about the implications for them of the military’s new central role. Most

are hoping fervently that serious conflicts can be avoided which could affect the holding of elections in 1976. The Presidents "national accord" coalition is frayed at the edges, but most of its members see no alternative but to continue to support the administration. Blanco opposition leader Ferreira Aldunate has now apparently given up any serious hope of elections before 1976 and continues to seek to build his forces by across-the-board opposition to President Bordaberry and an open door to disaffected "frente" elements. One senior Colorado leader, lamenting what he termed the refusal of the President to assert strong civilian leadership, declared that the main role of the traditional parties now is to, "shore up the facade" (of constitutional government). In general, most of these leaders see the role of civilian politicians in the next few years as somewhat marginal "whipping boys". Their main hope now rests with surviving the next three years until new elections which they believe can be a vehicle for reassertion of their position.

8. The left, the Marxist and non-Marxist left, as represented principally by the "Frente Amplio", continues its cautious "open options" stance toward the military. Earlier optimism regarding possible openings which the military's leadership would allow have been greatly dampened by the armed forces "irreconcilable" position with regard to its actions and those espoused by the "Frente". Radical elements within the "Frente Amplio", and in other groups such as the CNT and the Communist-dominated [garble] student federation, continue to press for more vigorous opposition to the armed forces. Thus far, however, "Frente" leaders have continued to stress the compatibility of their goals with those of the military and to proclaim a common "anti-oligarchy" front with the armed forces.

9. The public—aside from those Uruguayans directly involved in one of the above groups, the public remains largely indifferent to and on the margin of current events. Recent opinion surveys indicate public support for military "guidance" of the government, but rejection of the notion of the military taking power itself. The public prestige of civilian politicians has never been lower while that of the armed forces continues high. Thus far, a majority of Uruguay's population is much more concerned with problems of day-to-day living, rather than larger questions of military or civilian leadership. We do, however, detect some growing public optimism that some chronic problems may be improved.

10. Perspectives—the present relative tranquility on the Uruguayan political scene rests upon the fact that none of the major groups involved see it in their basic interest to disturb the balance. The military appears satisfied that it retains the upper hand; the President is content with this situation because it is basically in harmony with his own political conservatism and goals; leaders of the traditional parties see the current

stability as offering the best hope for 1976 elections; and the left is anxious not to foreclose any opportunities to strengthen its own position however, given the military's insistence on change and reform, the political situation will not be static but rather dynamic. It is doubtful that the spindly legs upon which the current balance of forces rests are elastic enough to survive a major confrontation between any of the main political forces. A round of serious labor disputes and strikes, refusal by the Congress to approve new law considered essential by the military, frustrations within military or with the bureaucracy in implementing the military's program, all could provide the spark for a new and serious political crisis. Despite the military leaders' hopes to guide rather than govern, the current political situation remains unstable. When new disequilibriums arise in the present balance of forces, the military may well be drawn further and further toward direct control of the government.

335. Telegram 2025 From the Embassy in Uruguay to the Department of State¹

Montevideo, July 2, 1973, 2034Z.

2025. Subject: The United States and Events in Uruguay.

1. From our reporting, Dept. is aware that a decisive stage has been reached in Uruguay's chronic political and economic crises. The executive acting with and at the Bhas now taken steps such as the dissolution of the Congress and of the powerful communist-dominated labor confederation (CNT) from which retreat seems inconceivable. Problems affecting the general population such as shortages of essential goods and food-stuffs, interruption in essential services and work stoppages are also being confronted with unusual and unexpected vigor. After several days of almost complete general work stoppages, the city is returning to normal. Most indications that we have are that the population at large is either supporting the actions of the military,

¹ Summary: The Embassy reported that the Uruguayan crisis, which culminated in the June 27 closure of Congress, had reached a decisive stage but it was unclear what the final outcome would be. Ortiz recommended that, if President Bordaberry and Foreign Minister Blanco made the traditional courtesy call at the Embassy on July 4, he emphasize the "common commitment to democratic ideals" shared by the two countries.

Source: National Archives, RG 59, Central Foreign Policy File, [no film number]. Confidential; Immediate; Limdis. Repeated for information to La Paz.

particularly those affecting their daily necessities, or is apathetic to them. There is a disposition to accept the assurances of the President that the illegal measures taken were necessary and temporary and that there will be a return to the traditional democratic forms. The opposition groups, the leaders of which are in hiding, are in a state of shock over the suddenness and the sweeping nature of the government's moves, but seem to be organizing to present a united front. There is as yet very little publicly expressed opposition, mostly because the opposition press organs are not publishing. However, it is much too soon to determine what the eventual outcome of this hardline policy will be. We have no doubt that Uruguay is in for many months—if not years—of renewed severe pressures and tension. There is some chance that the general situation will improve, especially if the Uruguayans are able to work and produce in peace.

2. As we view this still developing situation, it is clear that the essential factors and interests at play are almost exclusively of domestic Uruguayan concern. Soviet support of the Uruguayan Communist Party and its involvement in the Uruguayan Labor movement is a special factor, but does not detract from our view that at play here is an attempt by Uruguayans to find Uruguayan solutions to Uruguayan problems. This Embassy, therefore, has maintained the position of a careful observer of developments. We are refraining from giving any indications or any grounds for suspicion that we are in any way intervening in developments here.

3. The Department's attention is directed to following situation which could arise. On morning of July 4, if the normal precedent is followed (and this year there would be every reason for it to be broken), I can expect a call on me by President Bordaberry and Foreign Minister Blanco on the occasion of the celebration of our National Day. In past years, the President and FonMin have made a 15–20 minute call at the Embassy residence an hour or so before our diplomatic reception begins. On these occasions, the President and FonMin have usually conversed on matters of small moment and in platitudinous terms.

4. Should the President who was invited weeks ago decide to come call day after tomorrow, I do not see how reference to the momentous current events in Uruguay can be avoided. I will listen attentively to the President's comments. Should the President ask me how the U.S. views current developments, I would propose to answer along the following lines: The United States is traditionally bound to Uruguay by many strong fraternal ties based upon our common commitment to democratic ideals. The two nations share common aspirations and common institutions. What is currently taking place in Uruguay is a process arising from purely internal Uruguayan conditions and it will be resolved bearing Uruguay's own best interests in mind. The United

States is following events with close attention and we are confident that solutions meeting with the approval of a majority of the Uruguayans will be reached.

5. Request the Department's earliest guidance.

Ortiz

336. Telegram 130541 From the Department of State to the Embassy in Uruguay¹

Washington, July 3, 1973, 2103Z.

130541. Subject: July 4 Meeting. Ref: Montevideo 2025.

1. If President Bordaberry calls and asks you how the US views current developments in Uruguay, you may respond as you have indicated in para 4, except that you should not repeat not indicate that the US shares with Uruguay common institutions and commitment to democratic ideals. You should convey that we are interested in events in Uruguay and concerned about the future. You should avoid giving the impression that we are indifferent to the closing of the legislature. You should also convey the impression that we have for Uruguay every good wish for the future.

2. You should also refer to President Nixon's October 1969 speech on the general attitude of the US government to internal governmental changes in Latin America when the President said ". . . we must deal realistically with governments in the inter-American system as they are. We have, of course, . . . a preference for democratic procedures. . ."

Rush

¹ Summary: The Department concurred with the Embassy's recommendation on how to respond to President Bordaberry's potential inquiry, with a few caveats.

Source: National Archives, RG 59, Central Foreign Policy File, [no film number]. Confidential; Immediate; Limdis. Drafted by Kenneth N. Rogers of ARA/LA/APU; approved by Hurwitch; and cleared by Stedman. The full text of Nixon's speech is in *Public Papers: Nixon*, 1969, pp 887-891. Telegram 2025 from the Embassy in Uruguay to the Department of State is Document 335.

337. Telegram 2164 From the Embassy in Uruguay to the Department of State¹

Montevideo, July 13, 1973, 1917Z.

2164. Subject: Defense Minister's Views on Current Situation. Ref: Montevideo 2148.

1. On July 11, Minister of Defense Walter Ravenna asked me to come in to discuss a hospital supplies problem in which he is personally interested (see septels). Ravenna, who is one of leading civilian figures of the GOU, took the occasion for a lucid exposition of the Bordaberry Administration's goals and tactics. He spoke with great conviction. Highlights of the conversation follow:

2. DefMin said it was very important for the U.S. to understand precisely what was going on in Uruguay and what issues were at stake. He said there currently existed a "state of war over the future of Uruguay's economic development". At issue was whether or not Uruguay would be able to develop economically, socially and politically or would be condemned to continued stagnation and ultimate ruin. He said Uruguay's situation was not like Vietnam although the "war" was against Marxist subversion. As a long-time friend of the US, he sincerely believed that the outcome was of significance to the US interests in the Southern Cone of South America. Uruguay would remain an outpost of democracy which, in view of the situation in Chile and Argentina, was a factor of importance. Speaking with feeling, Ravenna said that President Bordaberry, with the full support of the armed forces, was determined to uproot the Marxist infiltration of Uruguayan society which had done such enormous damage to the country. There was no turning back possible; there would be no mediation or negotiation. A set of priority goals had been established, starting with labor, and eventually to encompass the educational sector. These goals would be achieved at a controlled pace and President Bordaberry sets the pace. The President was personally committed to this great national struggle and knew he had the support of the vast majority of Uruguayans.

3. Ravenna said strike reports and accounts of disturbances were greatly exaggerated. The interior was practically 100 percent normal and fully supported the government's actions. In Montevideo the center

¹ Summary: Ortiz reported on his conversation with Defense Minister Ravenna, who explained the Bordaberry administration's economic and social goals and its reasons for the suppression of opposition parties.

Source: National Archives, RG 59, Central Foreign Policy File, [no film number]. Confidential. Repeated for information to Brasilia, Buenos Aires, La Paz, and Southcom.

of Marxists penetration the government's tactics were slowly but surely breaking the power of the extreme leftist labor leaders and there was no doubt that the government would prevail. Ravenna said it was important to bear in mind that many of the Marxist leaders were Maoists and further to the left than communists.

4. The principal goal of the difficult task undertaken by the military was to create in Uruguay a climate in which capital could be formed and investments made, jobs created and opportunities opened up. Foreign investment would be welcomed under set rules. Drastic measures were required if this goal is to be achieved.

5. Ravenna said US comprehension of the stakes in play and the goals to be achieved was very important and he was sure the Embassy was so advising the USG.

6. I asked Dr. Ravenna where the actions against the opposition Blanco party fit into the description of the situation he had just given me. He replied that the Blancos were badly split, that one faction had gone so far as to form an alliance with the "Frente Amplio" but that a majority of the Blanco Party members who could not stomach such an alliance were joining the Etchegoyan faction which was supporting President Bordaberry. He said the democratic sensibilities of many Uruguayans were affected by drastic measures that had had to be taken but that there had been a general rallying to the government.

7. Comment: Ravenna is one of the best friends the US has in Uruguay. He is a straight-talking, sincere man who has a distinguished record of public service. I would like to believe that he has considerable influence in the councils of government, particularly on the military. His balanced views, sophistication and good judgment are important qualities at this time. I report his views as I consider them to be a good statement of the administration's goals and actions as he conceives them to be.

Ortiz

338. Telegram 205744 From the Department of State to the Embassy in Uruguay¹

Washington, October 17, 1973, 1801Z.

205744. Subject: Ambassador Luisi Calls On Asst. Sec. Kubisch.

1. On October 15, Uruguayan Ambassador Hector Luisi called on Asst. Sec. Kubisch at the Department. Ambassador Luisi told Mr. Kubisch that his resignation as Ambassador, now three months old, had not been accepted. He said that he had submitted it because of his unhappiness over events in his nation during the recent past, but that of late he was encouraged by efforts of military and civilian leaders to work in harmony toward solutions of problems. He said that he had hope for the future of his country and would serve Uruguay to the best of his ability so long as he was Ambassador.

2. Ambassador Luisi said that he had been concerned about the situation in Chile and Argentina, and possible effect that could have on Uruguay, but that he was pleased that the Uruguayan army had not yet been engaged in excesses or executions. He said he was encouraged with the progress of the preliminary talks on the matter of rescheduling foreign military sales credit arrearages here, and in that connection he visited Ambassador Robert Hill, Assistant Secretary of Defense for International Security Affairs, on October 10.

3. Ambassador Luisi told Assistant Secretary Kubisch that he had informed his government that the USG had responded to events in Uruguay these past months with “sad pragmatism” and that he had wanted the activist military leaders to understand USG concern. He also said that he hoped that US military officers assigned in Uruguay might improve contacts with the Uruguayan military which he thought was now lacking partly due to aloofness and uncertainty on the part of the Uruguayan military. Such improved contacts, he thought, might have a stabilizing influence.

4. In order to encourage the Government of Uruguay, he wondered if a “gesture” of understanding could be made by the USG. He first

¹ Summary: During an October 15 meeting with Kubisch, Uruguayan Ambassador Luisi suggested that the U.S. could encourage the Government of Uruguay by converting part of its military sales program into a grant program. Kubisch replied that the U.S. would consider any proposal Uruguay wished to bring, but that a new grant program was unrealistic.

Source: National Archives, RG 59, Central Foreign Policy File, [no film number]. Confidential; Priority; Limdis. Drafted by Rogers; approved by Kubisch; and cleared by Bowdler and in OSD/ISA. Uruguayan Foreign Minister Blanco also met with Kubisch and Bowdler at the Department on September 28, 1973. See telegram 195330 to Montevideo, October 1. (Ibid.)

suggested that such a gesture would be to convert part of the foreign military assistance sales program to a grant program.

5. Asst. Sec. Kubisch said that he was pleased that Ambassador Luisi had visited Ambassador Hill. The Asst. Sec. praised Ambassador Luisi for his personal and official representation in behalf of his government in Washington during the past five years. Mr. Kubisch said that the US has cherished its friendship for Uruguay over many decades and that we had great respect for that nation and admiration for its democratic institutions and social progress. Mr. Kubisch added that although we could hardly take comfort from recent developments in Uruguay, we had, of course, accepted the realities of the present situation.

6. The Asst. Sec. said that we would like to make some appropriate gesture as Ambassador Luisi had requested to boost the morale of the government, including the military interests. He assured Ambassador Luisi that any GOU proposal would receive sympathetic consideration within the bounds of US policy and legislative limitations. However, he said, that due to a number of limitations of which the ambassador was no doubt aware that entering into a significant new grant program at this juncture was not possible.

7. In response to a question of the Ambassador, Mr. Kubisch said that a low profile theme for the US in this hemisphere was unrealistic, but that the USG wanted its presence to be constructive and helpful. Mr. Kubisch hoped that Uruguay would find its own solutions to its own problems and, needless to say, the USG would not interfere in any way in Uruguay's internal affairs.

Kissinger

339. Telegram 3712 From the Embassy in Uruguay to the Department of State¹

Montevideo, December 26, 1973, 1957Z.

3712. Subj: Conversation With President Bordaberry.

1. President Bordaberry received me this morning for a half hour courtesy call prior to my departure on leave. He seemed to me to be relaxed, in good health and to exude an air of confidence.

2. During our conversation I told him that I had made an intensive effort in my three months here to learn as much as I could about Uruguay, to meet as many people as possible and to initiate a program of visits to the interior. I said that I had been very favorably impressed by the country and its people and by the warmth, friendliness and hospitality with which I had everywhere been greeted as representative of the United States. I said also that I, together with my collaborators in the Embassy, have noted in this time a clear and widespread sense of optimism, based apparently on the hope and expectation that the government's programs will be effective in solving some of the long-standing, economic problems in the country. However, I said, I would be less than frank if I did not note at the same time that I had detected also a certain sadness that Uruguay's cherished democratic institutions had been to some extent sacrificed or limited as a price for the undertakings which were the source of optimism. I said that we had been studying these developments most carefully and that it was my hope that we would be justified in providing at least some programs of assistance for Uruguay. In this regard I said it was my intention, while in Washington, to support a capital imports loan which is now being developed by the aid mission with the President's economic collaborators. I said I thought, however, that the encouragement which has been generated by decisions reached at San Miguel and Nirvana could easily

¹ Summary: Ambassador Siracusa reported on his December 26 conversation with President Bordaberry, who argued that the United States should not interpret events in Uruguay to mean that a military government had been established. He said that he and other leaders had chosen to try to end stagnation and to save Uruguay's democratic institutions, which, "as they operated, were themselves the real threat to democracy in Uruguay."

Source: National Archives, RG 59, Central Foreign Policy File, [no film number]. Limited Official Use. Repeated to Southcom. Siracusa presented his credentials on September 25. In telegram 3341 from Montevideo, November 12, the Embassy outlined the Bordaberry administration's policies in the four months since the Congress had been closed. It noted that Bordaberry had often allied himself "with the so-called hardliners," and that the President and military leaders together had "proclaimed in often messianic terms that they are saving Uruguay" and were "drawing the line for a new morality and new approach to the country's problems." (Ibid.)

be dissipated if follow-on performance did not produce results within a reasonable timeframe. In addition, I said, disappointment if results were not achieved could lead to repercussions of a political nature. This I observed, was cause for some concern because if such developments were in turn to lead to repressive acts this could clearly limit the ability of the USG to collaborate with Uruguay. I mentioned in this regard especially the sensitivity in the US Congress on the question of individual liberty and democratic institutions, a sensitivity which, I said, was even greater after the events of Chile and especially important because of our long-standing admiration for Uruguay's support for democratic institutions.

3. President interrupted me at this point to thank me for the frankness of my remarks. He went on to recall that when I had presented credentials he had made a particular point of asking, more than anything else, for understanding ("comprehension") on our part of what was happening in Uruguay. He said he thought it would be a great mistake if Americans were to interpret developments here in any way as the establishment of a military regime in Uruguay. If the military had wanted to take power, he said, there would have been nothing to prevent their doing so. The fact is, he said, that the military did not want to take power, but rather to develop a stronger level of participation in government by providing the civilian government with the necessary authority to have a chance of solving the obvious problems which had been plaguing the country for such a long time and which, in turn, had produced such grievous episodes as that of the Tupamaros. As for the dissolution of the Congress, he said, it should be recalled that this is not precedent setting since it is the third time in this century that it has happened in Uruguay. After the defeat of the Tupamaros, he said, the military felt a sense of encouragement as well as a greater responsibility for a continuing effective role in national affairs. He said they had backed him in his efforts to consult extensively with the various political leaders and parties in the country (with the exception of the communists) in an effort to attack the country's problems. But the effort, he said, had been totally unproductive and frustrating as the politicians simply wanted to go on playing their personal form of politics as usual and ignoring the country's real needs. He said the situation had truly arrived at the border of chaos and that had drastic action not been taken the country would eventually have been faced with acceptance of chronic anarchy or a truly military takeover as alternative. He hoped fervently, he said, that the US would understand the choices that he and his collaborators had been confronted with and would view with sympathy and support to the extent possible their efforts to save Uruguay from destroying itself. In the long run, he said, everything they have done has really been an effort to end the

stagnation of more than two decades and to save Uruguay's democratic traditions and institutions rather than do violence to them. In a sense, he said, these institutions, as they operated, were themselves the real threat to democracy in Uruguay.

4. The President then went on to say that he hoped we would be able to collaborate not only in the economic field but in the military field as well. I noted at this point that we had recently done things of a positive nature such as providing a moratorium and an extension of amortization time on certain military credits, assisting the Uruguayan railway in a very promising possibility of rehabilitating rolling stock from military sources at a minimum of cost and in carrying out certain public relations activities such as the UNITAS fleet visit, the visit of the Thunderbirds and the USAFSO parachute team, with the visit of ranking officers from Southcom. On a continuing basis, I said, we have been helping the Uruguayan military effectively through the Mimex program and that I expected momentarily to receive a request for assistance for the Air Force's planned acquisition of A-37 jets. The President said he appreciated these steps and hoped that the US would understand the very constructive role being played by the Uruguayan military today. He asked that we look with understanding on their efforts to provide at least a minimum amount of equipment necessary to modernize forces sufficiently to permit their carrying out their essential role in Uruguayan society.

5. I told the President that as I had said in the beginning our approach is one of sympathetic understanding and that this includes the necessity for the military to participate constructively and appropriately in the government. I said that my comments with respect to assistance should be taken as indication of our attitude up to now—leaving it to the Uruguayan government to decide for itself the limits of what is accepted as an internal matter. I added finally that I had thought it important, however, to bring to the President's attention, that this could under certain circumstances become a delicate matter for the US. The President replied that he understood perfectly and hoped that the US officials and press would be as understanding as well.

6. In terminating our conversation the President said that he thought 1973 had surely been the most difficult year he would face in his presidency. He said he looked forward to 1974 as being a year of achievement and one which would not present him with the same kinds of problems and difficult decisions which had characterized 1973.

Siracusa

340. Telegram 2224 From the Embassy in Uruguay to the Department of State¹

Montevideo, August 8, 1974, 1207Z.

2224. Subj: The Uruguayan Military: A Lack Of Cohesion. Ref: MVD 1658.

1. Begin summary. The Uruguayan military establishment seems to have entered a period of indecisiveness, probably due to the fact that the new, post-Chiappe Army leadership has not yet gone through its shakedown period and because there still is no agreed position vis-à-vis the military's future role in government. At present, the Joint Staff (ESMACO) makes some decisions, the service CINC's others and the junta de generales (theoretically the military's focal point for decision-making) still others. Orders and advice, frequently conflicting, are passed to civilians in government from various military sources. The obvious lack of decision and unity temporarily appears to have given the President a freer hand and he has moved to spark constitutional reform and to make organizational changes in the past few weeks. However, the military is well aware of its problem and that very fact could induce the military establishment to define its position. End summary.

2. With the armed forces having recently moved formally into the economic decision making process through the economic and social council and having placed a number of military officers in important

¹ Summary: The Embassy reported that military politics and the military decision-making process were unsettled, which had temporarily improved President Bordaberry's position.

Source: National Archives, RG 59, Central Foreign Policy File, D740218-0183. Confidential. Repeated for information to Asuncion, Buenos Aires, Brasilia, Southcom, and DIA. Telegram 2233 from Montevideo, August 8, transmitted the following correction: "Para 4, reftel, should be corrected to read as follows: 'Marcial Bugallo, Minister of Labor until mid-July, told an EmbOff that he and other ministers repeatedly got calls from the Joint Staff (ESMACO) urging a certain action and then from a service CINC or other senior officer urging a contrary action. The Director of Planning and Budget recently told the AID rep that there were some serious doubts in the GOU about approving Navegacion Atlantida's request for a sub-loan under AID's L-022. That was later followed by an ESMACO officer's call to the DCM urging Mission approval of the sub-loan, although the GOU had not officially determined its position. Several days later, Col. Cicalese, who serves as Sub-Director of Planning and Budget, informed the AID rep that the Director of ESMACO, Brig. Cardoso, had definitely rejected the company's request for GOU approval of the sub-loan. The military is not united on policy. Siracusa.'" (Ibid., D740218-0686) Telegram 1658 from Montevideo, June 17, summarized the apparent resolution of the late May 1974 crisis in which Bordaberry named Gen. Julio Cesar Vadora as Army CINC and Bordaberry "agreed to accepting stronger military participation in the government." (National Archives, RG 59, Central Foreign Policy File, D740158-0610) "Chiappe" refers to the former Army CINC, Lt. Gen. Hugo Chiappe.

government posts, it would seem that the military is the driving force in the nation's efforts towards economic and political change. However, a better description of the present state of affairs is that the military presence is the spur prodding such efforts but no one hand is on the reins.

3. Following the death of the Vice President in May, a discussion over succession contributed to serious internal splits in the army and led to the replacement of army CINC Chiappe and other senior officers. The military, shaken by its experience, set up the Junta de Generales, a mechanism designed to give the three service CINC's guidance on major policy and personnel decisions to be conveyed to the President for implementation. There is evidence that this *modus operandi* is not functioning. An ESMACO officer told the DCM that the system was not functioning because of the various power centers in the military. Sometimes ESMACO instructs ministries to act but matters of greater importance are carried to the CINC's for resolution and the ministries are instructed. However, should any general officer hear about and disagree with the CINC's, he reportedly can take the matter to the junta de generales which theoretically makes it the major decision-making organ. The very cumbersomeness of the system is a deterrent to military conciseness and coherence.

4. Marcial Bugallo, Minister of Labor until mid-July, told an EmbOff that he and other Ministers repeatedly got calls from the Joint Staff (ESMACO) urging a certain action and then from a service CINC or other senior officer urging a contrary action. The director of planning and budget recently told the AID Director that the military opposed an AID loan under consideration. That was followed by an ESMACO call to the DCM urging approval of the loan. The military is not united on policy.

5. President Bordaberry addressed the nation on June 27, urging constitutional reform, and FonMin Blanco further outlined administration thinking on the subject in a major address on July 18, Constitution Day. The executive had cleared both speeches with the CINC's. However, the CINC's failed to clear them down the line, prompting several ESMACO officers to protest in writing and one to resign (see IR 6 900 0126 74). Despite the new mechanism to take and communicate agreed-to armed forces positions the CINC's apparently continue to act on their own or, as some officers claim, they "are being sold a bill of goods by the smart politicians."

6. On Constitution Day, 4th Division Commander General Alvarez put on a military show in Maldonado. The principal speaker, a military officer, in the presence of the Minister of Interior, also a military officer, praised the armed forces as the leaders of change and the future directors of the nation. That line is acceptable to many officers, including

key men of flag and general rank. Nevertheless, Generals Rodolfo and Eduardo Zubia have been in touch with representatives of the traditional parties, attempting to establish a dialogue with the politicians. The Colorado Party Directorate claims that over 80 senior officers, including members of the junta de generales, are in touch with party people, trying to find a means by which the military can extricate itself from its predicament with honor and get the country back on the road to constitutionalism. The armed forces know where they are but do not seem to be agreed as to where they should go from here. Dissidents have not been appeased but there is either a temporary cease-fire or a lack of leadership.

7. The Navy, although headed by hard-lining Admirals Gonzalez and Marquiz, remains basically constitutionalist. Divisions have been serious enough to have caused some disciplinary incidents. While things have not deteriorated to that degree in the other services, it is clear that company and field grade officers are critical of their general and flag rank superiors, including the CINC's. Another center of discontent seems to have developed in ESMACO, where a group of fairly senior officers with time for reflection have been openly critical of the CINC's failure to staff things before making decisions.

8. The current state of disarray is a two-edged sword for the president. It gives him more freedom of action and he is moving, having made a number of organizational and cabinet changes in the past month, and having sparked the long process of constitutional reform. However, the deteriorating situation within the military establishment, added to resentment in some military quarters over recent presidential actions (and the CINC's concurrence therewith), could well force the armed forces into defining their position. How this might be done and what the end result might be are, at this point, unpredictable.

Siracusa

341. Memorandum of Conversation¹

Washington, May 10, 1975, 3–3:45 p.m.

SUBJECT

Uruguayan Foreign Minister's Bilateral Meeting with the Secretary

PARTICIPANTS

Uruguayans

Foreign Minister Juan Carlos Blanco

Ambassador José Perez Caldas

Ambassador (OAS) Mateo Marquez Sere

U.S.

The Secretary

Assistant Secretary (ARA) William D. Rogers

Ambassador (USOAS) William S. Mailliard

Ambassador Ernest V. Siracusa

Country Director (ARA–LA/APU) Carl E. Bartch

The Secretary: How many Uruguayans are here?

Minister Blanco: Three.

Ambassador Siracusa: I am half Uruguayan.

The Secretary: Ambassador Siracusa is an outstanding officer. He first came to my attention because of the excellent reports he did when he was in Bolivia. I wasn't in the Department at that time.

Minister Blanco: He and I have an excellent understanding.

The Secretary: Mr. Minister, you may sometimes think that we spend more time with those who disagree with us than with those who agree with us. And you would be right. I very much appreciate the strong position you have taken at the OASGA. It has been very valuable. Would you like tea or coffee?

Minister Blanco: Coffee, please.

¹ Summary: Kissinger and Blanco discussed the role of the legislative branch, subversive movements, and Cuba.

Source: National Archives, RG 59, Central Foreign Policy File, P820125–0458. Confidential; Nodis. Drafted by Bartch; approved by Covey on October 29. Distributed in S/S and to Peter Rodman at the White House. The meeting took place in the Secretary's Office. Blanco was in the United States for the OAS General Assembly. Telegram 110984 to Montevideo, May 13, gave a shortened account of the meeting that focused on Blanco's statements about the problems of Uruguay and the portion of the conversation regarding Cuba. (National Archives, RG 59, Central Foreign Policy File, P850083–2585) A May 9 Briefing Memorandum and background papers for the meeting are in the National Archives, RG 59, Central Foreign Policy File, P820145–0375. The text of Kissinger's March 1 speech, "The United States and Latin America: The New Opportunity," presented to the Combined Service Club in Houston, is printed in the Department of State *Bulletin*, March 24, 1975, pp. 361–369.

The Secretary (to an aide): Coffee for everyone except me. Everyone will drink coffee. That is one of the few things I can act decisively on in this Department. Our biggest problem in this country is the role of the legislature. I think Congress is totally overplaying its hand, and there will be a backlash if this goes on much longer, because I don't think the U.S. public wants to see the Executive Branch totally paralyzed in its conduct of foreign policy. Congress also has internal problems and is not able to act effectively. Cutting off aid to Turkey must be one of the most insane moves ever made. Here is a country that is doing nothing to us, that is situated between the Soviet Union and the Middle East. Why should the U.S. public care where the dividing line is established in Cyprus? That is what it is about, you know. This whole move was pushed through by Greek restaurant owners. The President and I called in Congressional leaders last October. We were obeying the law, but we didn't announce it. But the Congressional leadership has lost control over the House. When Bill (Ambassador Mailliard) was there, even three years ago, the leadership could control the Congress. Today it's a waste of time for me to spend an hour with the Speaker of the House. He can't control anything. Who ever heard of the Greeks (except as a people, of course)? Bill, what's happened on the Chilean determination?

Assistant Secretary Rogers: You have a memorandum on that.

The Secretary: Every day I find there is a law that I never heard of before. Secretary Rogers is an outstanding man, but he is a lawyer, and when he sees a law, he applies it immediately. Every day I am stopped from doing something because of laws I never knew existed. Usually if you throw something into the State Department, it takes three weeks to come out again, but if there is a law involved, it is acted upon immediately.

Minister Blanco: I read your Houston speech with great interest, Mr. Secretary, and I was particularly interested in your statement that in six months you had appeared before Congressional committees 37 times.

The Secretary: I have had another study done since then. In 16 months, I have met 116 times with Congressional groups including meetings with the Congressional leadership on human rights, Jewish questions, etc.

Minister Blanco: The role and organization of the legislature also concerns my country, Mr. Secretary, and Latin America generally. The legislatures were established in the old days, but now they have to deal with so many modern, complex problems they can't understand.

The Secretary: Another problem is that they can't act in any consecutive fashion. We're stuck with one law, the action on Turkey for example, and they have gone on to something else. They have no

span of attention, no continuity. They can only pass laws; they can't conduct policy.

Minister Blanco: Yes, and they lack the information required to make intelligent decisions.

The Secretary: I was invited to meet with some Senators, and there were four or five presidential candidates present.

Ambassador Mailliard: At least.

The Secretary: There is nothing in the Constitution that says the Senate has the right to give its advice and consent on policy. That only applies to presidential nominations and treaties. But I didn't argue the point, so I went. But they didn't have any ideas; they didn't know what should be done, and they were scared, because they knew that if an unpopular decision were made, the Jewish community would stick them. So they were going to leave that up to us. At the end, Senator Mansfield said what a wonderful meeting it had been, and that I must come back and see them again when our Middle East policy review has been completed. I could go there every two weeks, and it wouldn't help. That is a pity, because our system of separation of powers used to work beautifully. The previous leaders could control things.

Ambassador Mailliard: Yes, they used to know what they were doing, and what needed to be done.

The Secretary: There used to be three or four strong men in the Congress, and they could make decisions.

Ambassador Mailliard: If Morgan and I agreed, there was never any question in the House Foreign Affairs Committee.

The Secretary: I was at a meeting chaired by one of the oldest and most respected members of the Congress, Rep. Mahon, and after I gave my presentation he congratulated me, but when it came time to vote, he voted against the position I took. I asked him about it later, and he said he agreed with me, but as Chairman of the Committee he had to think about getting reelected two years from now. As long as that is true, you have to rely on seniority.

Minister Blanco: But many complain about the weaknesses of the seniority system.

The Secretary: The Senate can wreck things, but it can't do anything constructive because there is never any consensus. The House is even worse. It is a rabble, with more than 400 members, and even the leaders don't know what to do.

Ambassador Mailliard: It is a bad situation, but it may straighten itself out.

The Secretary: It is so bad it is bound to change. The Congress has no public support. The latest poll I saw indicated that only 20 per cent

of those interviewed thought Congressmen were doing a good job. Even at the height of Watergate, they ranked lower than Nixon, and it is worse today. If I look on this as a historian, I wouldn't bet that the democratic process would survive another 20 years, at least not in Western Europe. Maybe that doesn't apply here.

Minister Blanco: Yes, look at Italy. What we are trying to do at home is to build a new framework, to strengthen the democratic system.

The Secretary: There is no democratic framework in Italy. The bigger parties cancel each other out, so that a little party with two per cent of the vote can wreck everything.

Minister Blanco: We must meet the challenge in Western Europe and Latin America to build a strong and effective democratic system, and to make it work. It is now almost impossible to do this, and the problem is worse for a small, underdeveloped country, where an impasse between the executive and legislative branches stops the whole country.

The Secretary: The major problem is that the legislature can't understand the problems it has to deal with.

Minister Blanco: We are trying to undertake reforms, including amendments to the Constitution, to strengthen the democratic process. I met recently with several Senators, including Senators Jackson and Javits.

The Secretary: What did they want, free emigration of Jews from Uruguay?

Minister Blanco: I know that the Senate committees have big staffs, and the House has a big staff.

The Secretary: Most of the staff is composed of disgruntled former employees of the Executive Branch, including several ex-Foreign Service Officers. They go there to pursue their vendettas. Who else would want to work there? (To Assistant Secretary Rogers) You have several people from ARA over there.

Assistant Secretary Rogers: I don't think so.

The Secretary: Three of the Church Committee staffers are former State Department employees.

Minister Blanco: We need completely new reforms. We are trying to develop our own solutions to the political crisis facing Western civilization. The second most important thing is that we must solve the problem of subversion and terrorism. Many may have thought when this first started that this only happened in countries with military governments, or as the result of tyranny, or because of social injustices. But now we have it in Argentina, Chile, Paraguay, Bolivia, Venezuela, Colombia, Central America, Mexico, and even Western Europe.

The Secretary: And we'll have it here sooner or later.

Minister Blanco: In Western Europe, it can be stopped without altering the life of the country. But in our own country, it destroyed our small defenses, and we have had to fight for our life. We do not ask others to do it for us; we will do it ourselves, and we will continue to do it. But these subversive movements are all inter-connected. We can fight them in our country, but it is difficult when they get assistance from abroad. We had all the evidence we needed about the assistance the Tupamaros receive from abroad, and their connection with Havana, and we could have reported on this at the Quito meeting. But we didn't want to embarrass the Argentine Foreign Minister.

The Secretary: Let me give you our view on Cuba. We have no illusions about Cuba. We attach no importance to Cuba from a national point of view. The Cubans can't do anything for us, or to us, unless they establish a Soviet base there.

Minister Blanco: Which is not likely.

The Secretary: No. But something must be done to strengthen the inter-American system. We are not going to lift our blockade in the near future, certainly not before the next presidential election. Bill Rogers' candidate will keep agitating on this, however. He has a great capacity for picking the wrong issues.

Assistant Secretary Rogers: The Secretary means Senator McGovern. The Senator said that Castro had told him how sorry he was that McGovern had lost the election.

The Secretary: Senator McGovern actually said that?

Assistant Secretary Rogers: Yes.

The Secretary: He'll get even less than 38 per cent next time. Well, Mr. Minister, this is our attitude on Cuba, and we can understand it if you have difficulties with it. We may consider lifting sanctions, but we won't lift the blockade even if the OAS removes its sanctions. What the Cubans want from us is trade, you know. So we may negotiate with Cuba about lifting the blockade, if we can get something in return. But I don't see it. Have you discussed our formula with Minister Blanco?

Ambassador Mailliard: I have.

Minister Blanco: All of these formulas are based on the assumption that we must lift the sanctions imposed on Cuba. But we think that Cuba must make changes in its foreign policy before the sanctions are lifted, not after. Mr. Secretary, in your foreign policy speech in Houston, you listed several changes Cuba must make, but we think these conditions should be fulfilled before we remove the sanctions. We are too weak to achieve this bilaterally, and we think the only way to do this is as a prerequisite to lifting sanctions. That is why we put such great emphasis on multilateral action.

The Secretary: If we enter into bilateral relations with Cuba, that is one of the things we'll require—not that the Cubans stop their subver-

sion in the United States, because they don't have the capability—but that they stop their subversion in Latin America. We have no compulsion to establish relations with Cuba, but if more countries do this on their own, it weakens the inter-American system. We are now thinking of a formula to give each state freedom of action. If you vote against this, it won't affect our relationship, and we will not be pushing for affirmative votes.

Minister Blanco: Mr. Secretary, I want you to understand our position.

The Secretary: Intellectually, you're right.

Minister Blanco: We think it extremely important to show how subversion works. If the decision is taken to lift sanctions, that would weaken our moral strength. We are trying to show that subversion has foreign support. We'd lose our moral and political strength if the sanctions are lifted. We are convinced that the cause we are fighting for is a good cause.

The Secretary: We should discuss some time how the left-wing and the intellectuals are demoralizing public opinion on every issue. In Europe, 90 per cent of television is controlled by extreme leftists and intellectuals and they are preventing the public from receiving a fair perception of events and of reality. I saw a survey of television programming in the Netherlands, Britain, Germany, and one other country, and it indicated that nothing favorable about the United States is being shown. The Viet Cong are depicted as heroes, the United States as an ogre, and U.S. farmers as being poor and oppressed. I don't know where you'd find such farmers in the United States. Only eight per cent of our population are farmers, and they are not noticeably poor. Perhaps the Mexicans are. But the left-wing extremists are demoralizing public conceptions.

Minister Blanco: Yes, that is the point.

Assistant Secretary Rogers: Mr. Minister, the press is waiting downstairs.

The Secretary: I want to let you know, personally, Mr. Minister, how much I appreciate the strength and courage you have displayed at the OASGA.

Minister Blanco: Thank you, Mr. Secretary. We will continue to pursue our present orientation as strongly as we can.

342. Letter from Russell E. Olson, Political Officer of the Embassy in Uruguay to Aurelia A. Brazeal, Country Officer for Uruguay and Paraguay, ARA-LA/APU¹

Montevideo, August 8, 1975.

Dear Rea:

The Ambassador, Jim Haahr and I discussed your letter of July 29 in some depth. Inasmuch as it arrived only yesterday I will provide herein only a partial response thereto. And yes, we will review A–23 with a mind to up-dating where appropriate.

With respect to the past we believe we have done a good job. We have monitored the situation, reported accurately and completely the information available, provided perspective (not apologies) and made U.S. views and concerns known to the GOU from lower levels up to the President himself. On the operational side we (and a GAO team) took an in-depth look at MAP and found that we were doing nothing which might contribute to police-type activities or capabilities. At the same time the GAO concluded that when the Public Safety program was terminated no facet of it was being carried on through any type of subterfuge.

With respect to the future we have been and will be continuing to follow leads and compile information with which to keep the Department informed. However, Rea, we cannot put the Embassy in the position of becoming a policing or investigatory agency pursuing every rumor of human rights violations without jeopardizing our larger mission. To really pursue what would amount to investigations would be counterproductive as the resentment here would be intense, not because of fear for what might be uncovered but because it would be considered unjust foreign intervention not in keeping with proper relations between friendly states. As you put it so well in the May 10 Luers to Kessler memo, do we really want to disassociate ourselves from a friendly government? I might add, particularly in a case when abuses probably are minimal compared with many other states and where we have limited leverage to begin with. In summary, we have a larger mission here which we do not wish to jeopardize.

¹ Summary: Olson responded to Brazeal's queries on the Embassy's practices regarding human rights and on the human rights situation in Uruguay.

Source: National Archives, RG 59, Central Foreign Policy File, P840001–0317. Confidential. The July 29 letter from Brazeal to Olson has not been found. "A–23" refers to a March 8 airgram entitled "Human Rights and Fundamental Freedoms in Uruguay." (National Archives, RG 59, Central Foreign Policy File, P750047–1488)

The foregoing in no way affects the substance of what we do but rather the tactics we employ. We will keep the GOU well informed as to our position and will gather information but we will tread carefully in gathering it.

That which follows is an off the top of the head response to the questions in para 5 of your letter.

You ask whether more extreme treatment of prisoners is taking place. Assuming that there was physical abuse of prisoners in the past, the answer is no. Are more subversives—economic and political—being arrested? In the sense of continuing arrests, yes. In the sense of a higher volume of arrests, no. We believe that the number of arrests has diminished greatly. On the economic side the only case in months was Ramon Diaz who was held a few days, was released, and immediately returned to publishing his economic journal. Political arrests, per se, are also down to virtually nothing. I can think of none recently. The arrests of subversives, in this case those who are distributing communist propaganda, painting walls and the like, continue. However, there is not a great deal of such activity so there are not many arrests—compared with a few years ago.

There is some torture of prisoners. We are quite sure that a prisoner died on July 31 as a result of mistreatment and that the Minister of Interior has ordered an internal investigation. We believe it to be an isolated case and absolutely contrary to policy and intent.

The Council of State Human Rights Committee is functioning. It does receive reports (confidential) on all arrests of subversives. How effective it is I don't know. We have several friends on the committee and will ferret this out soon.

Censorship exists. It is not "creeping" or evolving from the decree to seize communist literature in the mail.

I know of no pattern concerning persons being released. Some leave the country voluntarily and others stay, get jobs and move back into society. Many others are given provisional releases before their time is up and re-enter society. Psychologically this is tough because I assume they live in constant fear of being picked up again. On the other hand it probably is no worse than a U.S. prisoner on probation who happens to draw a particularly tough probation officer who looks for any pretext to re-commit him.

With respect to Aresmendi I do not know the condition of his release. It may have amounted to voluntary expulsion if that's not a conflict in terms. Michelini may just have rushed off to Argentina without a passport (Uruguayans often use just their cedula to travel there) and may not have even tried to obtain a passport at the Uruguayan Embassy in BA. We do not know.

I repeat, the foregoing is off the top of my head. We will up-date A–23 with the best information available and it will be authoritative as this is not.

Must rush to get this in the pouch. Will keep you posted.

Sincerely,

Russell E. Olson

343. Telegram 295966 From the Department of State to the Embassy in Uruguay¹

Washington, December 16, 1975, 1759Z.

295966. Subject: Meeting With Wilson Ferreira. Ref: (A) MVD 4266, (B) MVD 4080, (C) State 291185

1. APU Country Director, Deputy Director, Desk Officer and George Lister met with Uruguayan opposition leader Wilson Ferreira and son Juan Raul Ferreira December 12. Following are highlights of conversation:

A. Ferreira said the primary purpose of his trip to the US (and Mexico, Columbia, etc.) was to raise the issue of Human Rights in Uruguay. He made essentially the same points as reported in ref tel B, that between 25–30,000 persons had passed through Uruguayan jails under the present administration, that between 5–8,000 persons are

¹ Summary: The Department summarized discussions held with Wilson Ferreira Aldunate, Uruguayan former senator and presidential candidate, on December 12.

Source: National Archives, RG 59, Central Foreign Policy File, D750437–0247. Confidential; Immediate. Drafted by Brazeal; approved by Ryan; and cleared by Lister and Barch. In a memorandum to Rogers on November 26, Siracusa urged that Ferreira not be “received by anyone in the Bureau, Department of State, or Executive Branch” since he had “taken to sniping at the Uruguayan government in a most irresponsible fashion” and “his reception by anyone in the Department or Executive Branch would be exploited for personal propagandistic purposes in a way adverse to our interest.” (National Archives, RG 59, Human Rights Subject Files 1973–1975, Lot 77D391, Human Rights—Uruguay) In telegram 291185 to Montevideo, December 10, the Department responded that Rogers had declined to see Ferreira, but since “it is our policy to listen to just about anyone who wishes to talk to us” and since Ferreira “remains one of the few non-Marxist political quote figures of importance unquote,” Ferreira would be received by lower-level personnel in ARA. (National Archives, RG 59, Central Foreign Policy File, D750429–0935) In telegram 4266 from Montevideo, December 11, Siracusa responded that he believed a meeting with Ferreira “will have a detrimental effect on our relations with Uruguay” since “he is on a mission abroad looked upon by the GOU as an effort to defame it.” (National Archives, RG 59, Central Foreign Policy File, D750432–0335)

normally in jail in Uruguay at any given time, and that torture is a common practice. Ferreira mentioned, among others, the specific case of Lopez Balestra, an ex-congressman, who according to Ferreira was arrested and tortured two months ago. He also said Uruguay's population had declined since the present regime assumed power.

B. Ferreira said every Uruguayan believes the USG is responsible for keeping the Bordaberry regime in power. Asked for a specific example, he mentioned the political crisis of last May. Ferreira stated that it is commonly believed that the USG intervened to keep Bordaberry in power. He also said the Bordaberry administration has received more US assistance over the last two years than all previous democratic Uruguayan Governments. This assistance comes from private US banks, the USG economic and military assistance programs, the International Financial Institutions "indirectly controlled by the US" (e.g. World Bank, IDB)

C. The meeting lasted an hour and a half. Ferreira stated he had talked to Senator Kennedy and Congressman Fraser's Staff Assistant in addition to others. MemCon follows by Pouch.

2. Bartch informed Uruguayan Minister Talamas (Ambassador was not available) earlier this morning that meeting had been scheduled at Ferreira's request. Talamas expressed appreciation for being notified in advance, and said he would inform Ambassador Perez Caldas.

Ingersoll

344. Telegram 4335 From the Embassy in Uruguay to the Department of State¹

Montevideo, December 17, 1975, 1734Z.

4335. Subject: Meeting with Wilson Ferreira. Refs: A) MVD 4087; B) State 295966.

1. Embassy would be interested in learning telegraphically how Department officers responded to allegations made by Wilson Ferreira December 12 as to U.S. role here (reftel B, para 1B).

2. What Ferreira presented as statements of fact or general belief are, in fact, rumors generated or retreaded frequently by Ferreira and his followers among others. For example, Wilson Ferreira's supporters were among those perpetrating rumors that the Ambassador had personally intervened to secure the Bordaberry regime during the political crisis of last May. The truth is that the Ambassador was in the United States during the entire month of May and that the Embassy otherwise took no position or action whatsoever in regard to this crisis. As for the magnitude of "US Assistance" being greater than that accorded "all previous democratic regimes," we assume Dept. officers were able to correct his gross misimpression, including the fact that the impact of recently signed modest aid loans has not in any way begun to be felt.

Siracusa

¹ Summary: The Embassy requested information on the Department's response to Ferreira's charges, arguing that he had spread rumors alleging the Ambassador's involvement in the political crisis of May 1975.

Source: National Archives, RG 59, Central Foreign Policy File, D750439–0184. Confidential. In telegram 1788 from Montevideo, May 29, the Embassy reported that the previous weeks' confrontation between Bordaberry and the Uruguayan military had been "a standoff with no clear winners or losers." (National Archives, RG 59, Central Foreign Policy File, D750189–0877) Siracusa was absent from Uruguay May 2 to May 30. (Telegram 1312 from Montevideo, April 22, National Archives, RG 59, Central Foreign Policy File, D750141–0068, and telegram 123317 to Montevideo, May 28, National Archives, RG 59, Central Foreign Policy File, D750185–1028)

345. Telegram 298008 From the Department of State to the Embassy in Uruguay¹

Washington, December 18, 1975, 1651Z.

298008. Subject: Meeting With Wilson Ferreira. Ref.: Montevideo 4335.

1. Department Officers categorically denied Ferreira's allegations of US involvement in Uruguayan political crisis of last May and asked him how he got that erroneous impression. Ferreira replied that he learned of Embassy involvement from "his own people" in the GOU, whom he "naturally" could not identify to US. Department Officers said they were aware from the Embassy's reporting that rumors to this effect had been circulated in Montevideo, but repeated that they were not rpt not true.

2. Department Officers informed Ferreira that USG assistance to Uruguay was very modest indeed. He replied that although direct USG assistance might be small, the recent growth of Uruguay's external debt proves that private lenders as well as international financial institutions are encouraged to support Uruguay by the well-known favorable attitude of the USG toward Uruguay. In this connection he asked why the USG was giving such strong support to Vegh Villegas. Department Officers replied that the USG was not supporting Vegh as an individual, but had given its blessing to Vegh's economic reform plan, which promised to pull Uruguay out of the economic stagnation from which it has been suffering for a number of years.

3. More detailed report on the conversation has been air pouched to you.

Kissinger

¹ Summary: The Department outlined its response to the charges made by Ferreira. Source: National Archives, RG 59, Central Foreign Policy File, D750441-0200. Confidential. Drafted and approved by Jack M. Smith of ARA-LA/APU. The pouched report on the conversation has not been found. Telegram 4335 from the Embassy in Uruguay to the Department of State is Document 344.

346. Memorandum from Special Assistant and Human Rights Officer, Bureau of Inter-American Affairs (Lister) to Deputy Assistant Secretary of State, Bureau of Inter-American Affairs (Ryan)¹

Washington, January 22, 1976.

SUBJECT

Uruguayan Human Rights Strategy Session

I think the immediate reason for this session is the need to answer the two attached letters from Kennedy and Fraser. The more important reason is to think over where we are going on Uruguayan human rights, in general. Some background follows:

1. Uruguay is achieving rapidly increasing attention in the international human rights arena, including the Hill. There may well be Congressional hearings on Uruguayan human rights this session.

2. WOLA (Joe Eldridge) is already circulating and ridiculing one of our previous (Oct. 1975) Congressional responses on the subject as a “whitewash”.

3. Amnesty International is making Uruguay a special target this year.

4. The ICJ has taken strong issue with another of our Congressional letters.

5. Montevideo Embassy’s 241 of Jan. 20 deserves careful study.

6. In the reply to Fraser, we may be hit on the second sentence of para. 2 and the first sentence of para 3. In the reply to Kennedy, we may be hit on para. 2 of page 2.

None of the foregoing is anyone’s fault. But at the moment we are clearly on a collision course with the Hill and The Movement on this subject. We want to be sure that what we say now we will be able to, and wish to, defend later—possibly in public hearings.

George Lister

¹ Summary: Lister outlined to Ryan the need for a strategy session regarding human rights in Uruguay.

Source: National Archives, RG 59, HA Country Files 1977, Lot 80D177, Human Rights Uruguay—1976. Confidential. The letters from Congressman Fraser and Senator Kennedy and the Department’s replies were not attached, but some late 1975 correspondence between Fraser and the Department is in the National Archives, RG 59, Human Rights Subject Files 1973–1975, Lot 77D391, Human Rights—Uruguay. In telegram 241 from Montevideo, January 20, the Embassy summarized the human rights situation in Uruguay and suggested ways that aid might be targeted to improve human rights in Uruguay. (National Archives, RG 59, Central Foreign Policy File, [no film number])

347. Memorandum of Conversation¹

Montevideo, January 27, 1976.

PARTICIPANTS

The Ambassador
Foreign Minister Juan Carlos Blanco

SUBJECT

Human Rights

I met with Foreign Minister Blanco today for over an hour at my request. The subject of my call was Human Rights and our discussion was wide-ranging.

I began by telling the Minister that I had come on a delicate subject. I hoped he would understand that I came as a friend of Uruguay and in the best possible spirit to promote continuation of the good relations which traditionally existed between our two countries. I was prompted at this time to raise with him again the subject of human rights by knowledge of the fact that we had been informed that Amnesty International intends to launch an all-out campaign against Uruguay on this subject. I have been given to understand, I said, that this would be the first such campaign directed at a single country. I am told, I said, that they have assembled over 100 pages of "documentation" on reported violations since June 1973 and they claim that this includes 22 deaths by torture. I said the report is apparently to be released soon and to be given broad circulation. I said it was my understanding that the Uruguayan Embassy in Washington is informed of this and that for this reason, perhaps, my information is not news to the government of Uruguay.

I then went on to remind the Minister of the deep moral concern which the U.S. has always had for the rights of individuals because of its open democratic and liberal traditions. Recently, I said, this concern has become even more intensified in the international field because of circumstances and trends in the world today which have led increas-

¹ Summary: Siracusa and Blanco discussed human rights.

Source: National Archives, RG 59, Central Foreign Policy File, P840001-0333. Confidential. Drafted by Siracusa. The meeting took place at the Foreign Ministry. The memorandum of conversation was sent to Ingersoll under a March 4 covering memorandum from Rogers and Wilson, summarizing Siracusa's approach as "quiet diplomacy" and noting that it had been commended by Rogers. Siracusa was scheduled to meet with Ingersoll on March 10. A briefing memorandum for that meeting, which describes human rights as the "one potentially significant issue" in U.S.-Uruguayan bilateral relations, is in the National Archives, RG 59, HA Country Files 1977, Lot 80D177, Human Rights Uruguay—1976.

ingly to violation of the broad principles contained in the Universal Declaration on Human Rights. The concern of the American people, I said, has strong echo in the Congress as well as in the Executive Branch, and this subject, which can affect our foreign relations, is becoming a matter of increasing concern to the Department of State.

As U.S. representative in Uruguay, I said, it is my responsibility to inform my government as best I can of the actual situation in this country with respect to human rights. At the same time, as a friend of Uruguay interested in promoting continued good relations, it is also my responsibility, objectively to try to interpret with sympathy and understanding the circumstances under which the government of Uruguay is trying to deal with its problems. I have done this, I said, together with my associates in an even-handed manner which has, I believe, given the Department of State a true, unbiased and objective picture of the situation (in which propagandistic distortions and exaggerations have been filtered out), and an accurate appreciation of the forces which have created the situation in Uruguay today characterized by a setting aside of many traditional institutions, liberties and guarantees. The serious problem is, I said, that even looked at from the most objective and considerate point of view one cannot escape the fact that violations do occur. I noted for example, that in the GOU's current campaign to counter and expose military, financial and political activities of the communist party several hundred people have apparently been arrested. It is commonly believed, I said (and confirmed to me by direct knowledge of at least one individual case that I have), that persons taken in this round-up are taken in a manner which must give concern to human rights. Typically, I said, they are taken from their homes without warning and thereafter simply disappear. Their families do not know where they are or what their circumstances may be. In one case that I am familiar with the family was finally told, after several weeks, that if they wished to send clothing and small personal items, they could do so;—but they were not told of the prisoner's whereabouts or welfare. Such a situation can apparently persist for weeks or months, I said. It is to be assumed, I said, that such people are not arraigned before a judge nor are they, at least at this stage of their detention, given access to legal advice and assistance. Even more disturbing, I said, are widespread reports that such detainees are typically covered immediately with a *capucho* and that during interrogation they may be subjected to other forms of pressure including water immersion, the constant playing of loud volume music in their cells, being forced to stand on their toes for protracted periods, and threats of physical abuse. Quite apart from the question of physical torture, about which I have heard no direct reports, it is clear if there is truth in these allegations, human rights in general, as they are commonly understood, are being

ignored and psychological torture, at the very least, is being applied not only to the prisoners but also to their families. I acknowledged that while the picture I was painting was a grim one, it did appear that physical torture, which is commonly believed to have occurred during the height of the anti-Tupamaros campaign is uncommon if it occurs at all and that this, presumably, reflects more rigid controls by the GOU. However, I said, it is hard to escape the conclusion that the lesser, but still harsh, procedures I had described must at least be condoned by GOU officials and military/police high commands.

We briefly discussed AI and I was frank in telling the Minister that I had found the style of some AI reports to be propagandistic in tone rather than judicious and even-handed, and their content, as regard Uruguay, sometimes shockingly exaggerated. On the other hand, I said, I also know that they have attacked communist countries and others for human rights violations. AI, I said, is generally considered humanely inspired although many believe that they see political motivation and manipulation behind it. In summary I told the Minister that there is no question on that the forthcoming report of AI is going to focus attention once again on the situation in Uruguay and that this kind of attention could have repercussions harmful to our good relations, especially since, even when the distortions are filtered out, this will still remain a considerable residue of truth. Undoubtedly, I said, such a report would generate strong interest in Congress in knowing exactly what the situation is here. It could generate interest in the media as well and there might be a greater than unusual number of foreign correspondents visiting Uruguay to study this situation. There could then be, I said, pressure for U.N. action or for study visits by such organizations as the Red Cross, the Human Rights Committee of the OAS and perhaps by AI and the ICJ. How Uruguay would react, and the degree of openness with which it would be willing to give its side of the story, and perhaps, to prove it by permitting visitations would be greatly important.

But most important of all, I said, is the urgency for Uruguay to take steps now to eliminate such abuses as do occur. In this regard I suggested that the Uruguayan Government, which seems to me to have the understanding and support of the overwhelming majority of the Uruguayan people, should have more confidence in itself and be more open in its actions in this area. I said that we have always assumed on the basis of our analysis that crude violations and torture did not reflect the true policy of the political leaders of this government or military and police high command; there is, however, evidence already described that other questionable practices appear to be condoned. We also had been led to believe that the Council of State charged with a vigilance obligation in this area had been working to good effect and

was itself convinced that it was promptly informed of new arrests so that it could guarantee the rights of individuals. Recent experience, I said, seems to suggest that this system has at least for the moment broken down. I suggested that it would be helpful if the Uruguayan Government would see to it that clear instructions forbidding inhumane treatment are given from the top of the government and through the military hierarchy, and move to provide for disciplinary action if they are violated.

The Minister listened most attentively to all of this. In his own response he started by saying that he perfectly understood and appreciated my motives in coming to him and the frankness with which I had spoken. He said he considered this an act of friendship and that he would discuss in detail the whole thing with President Bordaberry.

He then went on to say that I was absolutely right in the view that the use of torture is not the policy of the government or of the military or police high command. He said it is probably true, however, that the system of information established by the Council of State has recently broken down. He hoped that I would understand that what he was about to say was in no way intended to justify torture which must be condemned in all circumstances—it was intended however to explain why the system of detention without notice is in fact practiced in Uruguay today.

He then described in some detail his theory of the “Third World War” which he believes is now underway. Nuclear stalemate, and even the impossibility of conventional warfare which carries within it the potential for escalation to nuclear exchange, has produced the policy of *détente* and all of its implications between the U.S. and the Soviet Union. But this, he said, had caused warfare of a different type to break out on a widespread front. This, he said, is the warfare involving the international communist apparatus which seeks to exploit any discontent and any opening that it can, anywhere in the world, to promote its long-range purpose of winning out over the democratic, free and non-communist world. In a place such as Uruguay, this took the form of communist providing the Tupamaros (who at the outset had no political content or plan of government) with a conceptual framework within which to operate. And in his mind, he said, this is what amounts to an international conspiracy, backed by communism to carry out this battle on a worldwide front.

The Government of Uruguay, in accordance with this theory and the evidence of it which they have had all too greatly at hand, actually considers itself at war with these forces. The purpose, he said, of the arrest system which is in practice, and including the holding of prisoners *incomunicado* for protracted periods, to benefit by the advantages of cross interrogation. On first interrogation a certain prisoner

may not reveal much of value; but something said by another may lead to reinterrogation which will produce something of value and promote a picture of the workings of the apparatus. This is, he acknowledged, inconsistent with a system of prompt arraignment and trial of detainees but is believed to be justified by the threat faced. In all situations of warfare, he said, acts viewed from the perspective of those at peace appear to be monstrous. He then repeated with conviction, however, that physical torture of detainees is against GOU policy, not knowingly condoned by it and that it occurs at all it is very rare. He acknowledged, again, however, the other forms of pressure which I had described do exist.

After the Minister had replied I repeated my concern that the spotlight for human rights violations is going to focus on Uruguay; that however exaggerated it might be, the residual truth of practices inconsistent with the Human Rights declaration will put great pressure on the U.S. to take some stand on this issue. I told him that I for one did not believe that any form of pressure by governments in this field is likely to be effective; probably just the reverse, whereas quiet, understanding diplomatic representations might be productive. But I felt it my duty to point out that recent legislation did call for some action where "gross violation" is judged to exist. What "gross violation" might be, I said, is hard to define.

It is my hope, I said, as well as my government's hope that the government of Uruguay would act with all promptness in such a way as to eliminate those violations as may occur, and would act with increasing openness. I said that I could appreciate his theory of the "Third World War" but that this clearly had in it the seeds of a self-serving justification of long-range repression. In all my observations of current evidence and of history, I said, it has been made clear that long-term repression ultimately ends in an exaggerated exploitation of freedom, once the repression is eased, and that this seems to give advantage to those against whom the repression was aimed all along. I called attention to current events in Portugal and in Spain in this regard. I expressed the hope that the Government of Uruguay, being sufficiently confident in itself, in the support of the people and in its own authority, would take steps to restore respect for individual freedoms generally and for the humane treatment of detainees especially. Having at this time, I said, what appears to me to be the overwhelming support of the Uruguayan people as well as the requisite authority, the necessary steps could be taken with minimum threat to internal security and the long-range restorative objectives of the government which, I said, I was convinced are aimed at defending cherished traditions of the Uruguayan people.

The meeting ended on the most friendly terms with the Minister again repeating his appreciation of my having come to him and his

promise to discuss the whole issue with President Bordaberry. I told him that I would be glad if he or the President thought it to be useful to discuss the issue with the President himself.²

² January 28, 1976. Foreign Minister Blanco telephoned me this morning. He said he had had a long and thorough discussion with the President of the meeting which I had had with him yesterday. He said the President, like himself, wanted me to know that he clearly understood and appreciated the friendly spirit which had motivated my action on this subject and that he thanked me for it. [Footnote is in the source text.]

348. Telegram 1610 From the Embassy in Uruguay to the Department of State¹

Montevideo, May 7, 1976, 1428Z.

1610. Subj: Amendment Against Military Assistance to Uruguay.
Ref: State 109861.

1. Summary: Embassy assumes that the House Foreign Operations sub-committee based its favorable vote on the Koch Amendment on its (the sub-committee's) perception of the human rights situation in Uruguay. We believe the action to have been ill-founded, first because of a false impression as to the Uruguayan situation and second because such a measure, if enacted, would adversely affect other US interests without changing the situation it is intended to correct. We recommend that the department ensure that the committee receive a portrayal of the situation as reported in depth by the Embassy and that the approach used before a senate committee by James Wilson last December be

¹ Summary: The Embassy responded to the passage of an amendment in the Foreign Operations Subcommittee of the Appropriations Committee, House of Representatives, that would cut off all U.S. military aid and credit sales to Uruguay for fiscal year 1977. Although the Embassy assumed the subcommittee had passed the amendment because of its "perception of the human rights situation in Uruguay," the Embassy believed that the amendment would "adversely affect other U.S. interests without changing the situation it is intended to correct."

Source: National Archives, RG 59, Central Foreign Policy File, D760176–0864. Limited Official Use; Priority. In telegram 109861 to Montevideo, May 5, the Department reported the passage of the amendment in subcommittee. (National Archives, RG 59, Central Foreign Policy File, D760173–0911) The amendment was introduced by Rep. Edward I. Koch of New York. (*Congressional Record*, House of Representatives—Wednesday, May 5, 1976, pp. 12586–12587) Lister forwarded Koch's statement to Luers and telegram 1610 on May 7. (National Archives, RG 59, HA Country Files 1977, Lot 80D177, Human Rights Uruguay—1976)

reiterated. As the Department is aware, this Embassy has persistently sought to influence the human rights situation here by direct, private representations to key officials. End summary.

2. Embassy assumes that the Foreign Operations sub-committee of House Committee on Appropriations voted to cut off all military assistance and credit sales to Uruguay for FY 77 on human rights grounds. We believe the sub-committee decision to have been ill-founded on two grounds, 1) the nature of the human rights situation in Uruguay and, 2) the fact that such a measure, if enacted, would have a negative impact on other US interests without having an offsetting positive impact on human rights violations.

3. We have reported extensively on the human rights situation in Uruguay. MVD 1343 (Comments on supplementary ICJ report on Uruguay) is the latest in this long series of detailed reports. We do not have the language of the Koch Amendment, but assume it reflects the view of some sub-committee members that there is here "a consistent pattern of gross violations of universally recognized human rights". We realize this language is open to interpretation but our view, based on direct knowledge and objective analysis is that it does not describe the situation in Uruguay today.

4. The influence of the armed forces in the GOU has been reported frequently as has our belief that neither that influence nor some objectionable practices can be changed by our cutting assistance in order to apply pressure. Bilateral diplomacy remains the basic weapon. As the Department told a Senate committee, we must maintain contact and influence and yet try to persuade governments who feel strongly besieged that they are following wrong and self-defeating policies if they violate human rights while trying to achieve the security they long for.

5. We recommend that the Department do what it can to portray to the committee the situation in Uruguay as we have objectively reported it and reiterate the approach made by James Wilson to the sub-committee on Foreign Assistance and Economic Policy of the Senate Foreign Relations Committee last December.

Siracusa

349. Telegram 2046 From the Embassy in Uruguay to the Department of State¹

Montevideo, June 7, 1976, 1723Z.

2046. Subject: Possible International Implications of Violent Deaths of Political Figures Abroad. Ref: State 137156.

The following sub-paragraphs respond to similarly lettered sub-paragraphs of para 2 of reftel.

A) The deaths of Uruguayan refugees or exiles abroad could have been arranged by the GOU through institutional ties to governmental or other groups in Argentina, the only country in which to our knowledge such exile deaths are known to have taken place. However, the question is not whether they could have been arranged but rather were they in fact so arranged. We know of no evidence to indicate that the recent deaths of Michellini, Gutierrez, and Mr. and Mrs. Whitelaw, have been the result of any GOU action, or desire, or by "arrangement". A source close to the President told us that speculation in the palace was that an official Argentine group killed the four acting independently of the GOA; Blanco Party leaders here close to the murder victims have told us they do not believe that the GOU was in any way responsible; [1 line not declassified] that the killings had been stupid and senseless." Furthermore, considering the fact that these persons lived safely in Argentina for a number of years, and considering the relatively stable political and security situation here, we see no reason why the GOU should suddenly take a new and different tack concerning the four. Some observers here speculate that these people may have been victims of far-rightist terrorist groups, or death squads, who by killing promi-

¹ Summary: The Embassy reported that although the GOU could have arranged the deaths of Uruguayan exiles in Argentina, it had no evidence that the GOU did so. The Embassy doubted that the GOU would have seen a need to arrange for their killings, given "the relatively stable political and security situation here."

Source: National Archives, RG 59, Central Foreign Policy File, D760219–0064. Secret; Immediate. Repeated for information to Asuncion, Brasilia, Buenos Aires, La Paz, and Santiago. In telegram 137156 to Buenos Aires, Montevideo, Asuncion, Santiago, Brasilia, and La Paz, June 4, the Department asked whether "the deaths of political refugees or asylees from your country abroad could have been arranged by your host government through institutional ties to groups, governmental or other, in the country where the deaths took place" and whether the posts had "evidence to support or deny allegations of international arrangements among governments to carry out such assassinations or executions." (National Archives, RG 59, Central Foreign Policy File, D760214–0807) In telegram 2082 from Montevideo, June 9, the Embassy noted that although "Uruguayan security officers have also informed GOA of such Uruguayans of interest to GOU," the embassy believed "that such identification, if it does occur, is for purpose of detention in Argentina and subsequent interrogation." (National Archives, RG 59, Central Foreign Policy File, D760221–1040)

nent leftist exiles seek to demonstrate that Argentina is no safe place for any such; and some believe these groups act at least within a margin of tolerance by some levels of Argentine police.

B) There have been no known deaths of foreign political refugees or asylees in Uruguay.

C) We have no evidence to support allegations of international arrangements to carry out such assassinations or executions. [*less than 1 line not declassified*] indicate that intelligence is exchanged among official security services and that Uruguayan officials do travel to Argentina and Chile on occasion to interrogate Uruguayan prisoners or to obtain results of interrogations by those officials. [*less than 1 line not declassified*] indicate that Uruguayan authorities are opposed to the killings of any Uruguayans arrested, as they want the prisoners held as sources of information. These reports therefore tend to deny the existence of international arrangements to carry out assassinations.

D) We do not have evidence of any agreed or standing blanket arrangements about governments of the area to return political asylees against their will to their countries of origin. Uruguayan police tell liaison that they have no such arrangements, and the DATT reports that his contacts have never given any hint of the possibility that such arrangements exist. [*less than 1 line not declassified*] However, that former Argentine CGT Leader Casildo Herreras, who arrived here before the coup, had been under surveillance in Uruguay and was to have been picked up quietly and returned to Argentine authorities. This was reported as being done at the request of a senior Argentine official with the approval of President Bordaberry. If true, we consider this an isolated case; and considering the level to which that request reportedly went, it seems unlikely that there is any standing arrangement. This is a technical point, but Herreras was not here at that time as a refugee or political asylee. He obtained asylum in the Mexican Embassy after the coup. Also, it is possible that even Herreras would not have been turned over in a surreptitious manner as a FonOff source told us at the time that the GOA was considering an extradition request and according to ARD, a senior military officer and senior FonOff official traveled to Buenos Aires to consult with Argentine authorities concerning Argentine plans for formal extradition proceedings.

Siracusa

350. Telegram 16118 From the Delegation of the Secretary of State in Mexico to the Department of State¹

Mexico City, June 11, 1976, 1742Z.

16118. Subject: Secretary's Bilateral Meeting With Foreign Minister Blanco.

1. Summary: The Secretary (accompanied by Bill Mailliard) met with Foreign Minister Blanco (accompanied by OAS Ambassador Marques Sere) for approximately an hour on June 10. The bulk of the wide-ranging discussion centered on internal security, human rights, and terrorism, and on the particular economic problems of the middle income countries in their efforts to obtain their share of international public financing. End summary.

2. Blanco raised with the secretary his concern over the problems faced today by middle income countries such as Uruguay. We [asked?] press for increased internal savings because our middle classes are already heavily pressed by our open economic policies. Yet because we are not among the poorest countries we have great difficulty in obtaining access to public bilateral and international financing. Many Latin American countries are in the same situation, and find themselves virtually forced into the arms of the third world if they wish to be heard and have their needs considered. Thus they are no longer able to serve, as they have so frequently in the past, as a buffer between the developed countries and the developing ones.

3. The Secretary indicated that he was now focusing on the fact that aid and Congressional policies provided for distributing most of U.S. aid funds to the poorest countries. He said that he had no objection to providing funds to the poorest countries, but suggested that the USG should make a distinction between assistance and relief. It is the middle income countries that stand to make the most progress from assistance.

4. Blanco noted that the present internal situation is a complex one, reflecting a more or less constant political development process rather than a crisis. (The press several days ago had given wide play to the fact that Blanco had been paged in the meeting hall for an urgent call, which turned out to be a request for payment for a previous call.)

¹ Summary: Kissinger and Blanco discussed the problems of "middle-income countries," the political situation in Uruguay, and Argentina.

Source: National Archives, RG 59, Central Foreign Policy File, D760225–0603. Confidential; Immediate; Exdis. Repeated for information to Montevideo. Kissinger and Blanco were both in Chile for the OASGA from June 7–9. Kissinger traveled to Mexico on June 10 to meet with President Echeverria and senior Mexican officials.

There was some discussion of the situation in Argentina and how that related to Uruguay's security problem. Blanco thought stabilization of the Argentine regime would take some of the pressure off Uruguay but felt that the country would continue to be under strong pressures because of the long border, open economic policies and potential problems in Bolivia and Eastern Peru.

5. The Secretary indicated his understanding of the pressures on Uruguay, but suggested that unless certain minimum standards were observed the pressures in the United States would become unmanageable and it would be impossible to do with Uruguay what we wished to do. There would, however, be no "crusade" on the part of the USDEL. He and Blanco also entered into a wide ranging discussion concerning the motivation of the present generation of well-educated middle class origin terrorists.

Kissinger

351. Telegram 2147 From the Embassy in Uruguay to the Department of State¹

Montevideo, June 13, 1976, 1900Z.

2147. Subject: Recommend Continuation Relations With Demicheli Government. Ref: Secto 16151.

1. After the signing of the ACTA installing Demicheli as President, the Chief of Protocol announced to those Chief of Mission present (a majority) that "el cuerpo diplomatico ha consagrado un acto". He said nothing else. Literally this means "the diplomatic corps has consecrated (sanctioned) an act".

¹ Summary: Siracusa recommended that, although the circumstances of President Demicheli's accession to office were unusual, he be instructed to "continue business as usual with the GOU." Bordaberry stepped down on June 12.

Source: National Archives, RG 59, Central Foreign Policy File, D760228-0431. Confidential; Immediate; Exdis. In telegram Secto 16151, June 13, Rogers, who was traveling with Kissinger in Mexico, noted that any Embassy actions regarding the change of power should be "correct" and explained, "We should try by all means to avoid any conduct which could be interpreted as signaling either our approval or our disapproval of what has occurred." (Ibid., D760228-0231) In telegram Secto 16164, June 14, Rogers emphasized to Siracusa that "we should without cavil treat the new government as the Government of Uruguay," and that "in this delicate phase, I would like to stay in close touch with you" since it was important "to avoid any false signal either of preference or disapproval." (Ibid., D760228-0982)

2. In the circumstances of Saturday night's events and the GOU's view thereof, I doubt we will be receiving the customary note containing usual assurances. The GOU, given presence of most of the ambassadors at the ceremony, and the Chief of Protocol's remarks related thereto, presumably takes it for granted that this circumstance signifies a continuation without further formality.

3. Despite the irregularities involved, including failure to give any formal advance notice of what the ceremony was to be, who the new president would be, or in what circumstances the office had been vacated. I believe there is in fact a continuation of the same government. Also, the published statement of the armed forces assuring no changes in international policies can probably be assumed to mean as well respect for international obligations.

4. Recommendation: I recommend that I be authorized immediately to continue business as usual with the GOU without further question or formality. Doing this will be consistent with actual situation regarding most other countries, as signified by their ambassador's witnessing the signing of the "ACTA". It would also be, in my opinion, "correct" conduct signifying neither approval, disapproval or preference. To avoid speculation, authorization should reach me early on Monday.

Siracusa

352. Briefing Memorandum From the Acting Assistant Secretary of State for Inter-American Affairs (Ryan) to Secretary of State Kissinger¹

Washington, June 18, 1976.

Uruguay: Current Political Situation

The dispute between President Bordaberry and the Uruguayan military over the future political process in Uruguay was resolved June

¹ Summary: Ryan summarized the removal of Bordaberry, the actions of the military regarding Uruguayan Government institutions, and the reaction of the Uruguayan populace, concluding that U.S. interests in Uruguay were not threatened by these changes. He argued that the passage of the Koch amendment could harm U.S. relations with Uruguay by giving "the upper hand" to "military hardliners."

Source: National Archives, RG 59, Central Foreign Policy File, P760097–2115. Confidential. Drafted on June 17 by Brazeal. A handwritten notation on the first page of the memorandum indicates that Kissinger saw the memo.

12 by Bordaberry's removal from office. Vice President and President of the Council of State, Alberto Demicheli, has been sworn in as interim President. He has announced he will serve only two or three months until a newly-formed Council of the Nation—composed of senior military officers, cabinet ministers, and selected civilian leaders—chooses a new chief executive.

Military Restricting Government

The armed forces are moving quickly to restructure the government. The military has already given signals, mainly through "institutional acts" and announcements, that it foresees an eight to ten year time frame for restructuring Uruguay's political system. We expect them to announce soon that no elections will be held this November, that the political rights of certain individuals will be proscribed, that political parties and labor unions will be allowed gradual participation in the political process, and that guidelines for a new constitution will be written and ratified by plebiscite. The reorganization of the political system is an ambitious undertaking, particularly for military leaders who do not always work well together. Disagreements within military circles could undermine their ability to implement a new political system and create new political crises.

Domestic Reaction

Most Uruguayans over the past few years have given high priority to economic growth and domestic tranquility. While Bordaberry's ouster was peaceful, and the military's plans for a new political structure produced no immediate opposition, it remains to be seen if the general population will gracefully accept attempts by the military to institutionalize their role in politics through a new constitution or structure that could leave the civilians with only a figurehead role.

The new President reiterated that this transitional phase will not bring any change in the government's foreign, economic or social policies. There is not expected to be any change in personnel in the government's key policy-making bodies. Foreign Minister Blanco and Minister of Finance Vegh Villegas are the most influential civilians; Blanco presently has the best chance of replacing Demicheli.

U.S. Interests

U.S. interests are not threatened by the new Uruguayan Government. An early government statement refers to the fact that the replacement of people does not imply changes in the international, political, economic and social directions followed by the government. Blanco is pro-U.S., as is Vegh. Consequently, Uruguay's constructive support for U.S. positions in hemisphere and world forums should continue.

Our friendly relations with Uruguay, however, will become strained should U.S. legislative sanctions, like the Koch amendment, be taken against Uruguay for its human rights performance. Military hardliners would gain the upper hand and make it difficult for the moderate civilians and military leaders to improve Uruguay's human rights performance.

353. Telegram 154322 From the Department of State to the Embassy in Uruguay¹

Washington, June 22, 1976, 1803Z.

154322. Subject: Discussion With Wilson Ferreira on Human Rights in Uruguay.

1. Uruguayan ex-Senator Wilson Ferreira, accompanied by his son, Juan, and a friend, Louise Popkin of New York, called on Deputy Assistant Secretary Luers on June 19. George Lister and Jack Smith of ARA were also present.

2. Ferreira began by complaining about the difficulty he experienced in obtaining a U.S. visa at the American Embassy in London. He said the consular officer seemed to assume he must be a communist since he was living in exile. He said the consular officer insisted on confirmation that he had been invited to testify before a congressional committee, which implied that in the absence of such an invitation he would have been denied a visa. He noted that he had no difficulty obtaining a visa in Buenos Aires for his trip to the U.S. last November. Mr. Smith explained that it is easier for the Embassy in London to issue visas to residents of the U.K. than to non-residents.

3. Ferreira said he considered the American Embassy in Montevideo to be "our enemy", because it acts as the representative of the GOU. He said the Embassy intervenes in internal Uruguayan

¹ Summary: The Department described a June 19 meeting among Ferreira, Luers, Lister and Smith.

Source: National Archives, RG 59, Central Foreign Policy File, D760242–0007. Confidential; Priority. Repeated for information to Buenos Aires. Drafted by Smith, cleared by Zimmerman; approved by Ryan. In telegram 2324 from Montevideo, June 23, the Embassy reported that Ferreira's "broad, sweeping charges, without foundation," were intended "to involve USG, the Ambassador and this Embassy in Uruguayan internal affairs and to further his own political interests." (National Archives, RG 59, Central Foreign Policy File, D760243–0809)

affairs and when it does so, it intervenes "against us." An example of this intervention occurred during the political crisis of last May. On this occasion, he said, Ambassador Siracusa personally approached a number of generals to urge them to support Economy Minister Vegh Villegas. Mr. Smith pointed out that Ambassador Siracusa was not in Uruguay during the May 1975 crisis, but in the U.S. Ferreira said the Embassy was just as bad when the Ambassador was away as when he was there.

4. Ferreira accused the USG of misrepresenting the facts with respect to the human rights situation in Uruguay. He said members of his party had close contact with officers of the Embassy in Montevideo, who expressed to his representatives their "horror" at the human rights situation in Uruguay. The Embassy's recommendation to his son that he not resume residence in Uruguay after his last U.S. trip confirmed that the Embassy was aware of the seriousness of the human rights situation. In its public statements, however, such as Ambassador Siracusa's letter to the *Washington Post* and various letters from the Department to members of Congress, the USG appears to be defending the GOU and thus signals to the GOU that it does not need to improve. Mr. Luers replied that in our public statements we have never asserted that the human rights situation was satisfactory in Uruguay and that in our private discussions with the Uruguayan authorities we have continually pressured them to improve.

5. Ferreira said the GOU was responsible for the deaths of ex-Parliamentarians Michelini and Gutierrez Ruiz because it had told the GOA that they were Tupamaros and had asked for their expulsion from Argentina. In April, Foreign Minister Blanco had made a trip to Buenos Aires for the sole purpose of requesting their expulsion. He said the Peron Government had decreed Michelini's expulsion about a year ago, but he had appealed the order and the appeal was never decided. On April 29, 1976, the Argentine military government issued another order for Michelini's expulsion, but for reasons that are not clear, Michelini was never notified of this order. He said the fact that Michelini and Gutierrez were held for several days before being killed and the fact that they were not tortured, i.e., not interrogated, means that the operation was directed from Montevideo. The GOU would have no reason to have them interrogated, since it knew they were not Tupamaros and thus would have nothing to tell.

6. Ferreira said the plans for Michelini's proposed trip to the U.S. last year were made in secret out of fear that the GOU would try to prevent it. Someone, however, leaked the plans to the GOU, which blocked the trip by annulling Michelini's passport and warning the airlines against transporting him. He noted that a subsequent letter from the Department of State to a member of Congress said that the

USG had informally discussed Michelinini's travel plans with the GOU and had informed the GOU that there was no basis for denying Michelinini a U.S. visa provided he was in possession of a valid travel document. Mr. Smith assured Ferreira that it was not the USG which had informed the GOU of Michelinini's travel plans and that our statement re his visa eligibility was made in response to a GOU inquiry on this subject. Ferreira replied that the USG reference to a valid travel document seemed to have suggested to the GOU this means of blocking the trip, because shortly thereafter his passport was revoked. Mr. Smith inquired whether Michelinini could not have availed himself of the travel documents issued by the GOA to foreigners. Ferreira replied that the GOA would not even issue Michelinini an identity card.

7. Mr. Luers asked how many Uruguayans were in Argentina and how many of these were in jeopardy. Ferreira replied that there were some 500,000 Uruguayans abroad, mostly in Argentina. Of these, some 250 to 300 were in jeopardy. Most of the Uruguayans had gone to Argentina because they could earn twice as much and the cost of living was only one-half that in Uruguay. Thus, they were four times better off. He said he believed President Videla was sincere in his desire to respect human rights, but that he is unable to stop the abuses that are going on. Interior Minister Harguindegui, on the other hand, is "a monster." Ferreira considered it impossible that the kidnapping of Bolivian ex-President Torres could have been carried out without the complicity of the Argentine police. After his kidnapping, he was taken alive to a point some 120 km from Buenos Aires, where he was killed. This means, he said, that the kidnappers must have passed with impunity through several police or military checkpoints, where cars are thoroughly checked for firearms.

8. Ferreira said the fact that the governmental leaders in Uruguay are civilians tends to lend respectability to the government. In his view, however, the civilians are worse than the military. He said the current government is maintained in power only by massive assistance from the U.S. When Mr. Luers pointed out that our aid to Uruguay is quite modest, Ferreira replied that the USG was behind the assistance given to Uruguay by the private banks and the IMF. Mr. Luers objected that the USG cannot ask private bankers to abstain from doing business with every country which does not have a democratic government. Ferreira replied that this might be so, but it was not necessary to urge them to lend money to such countries.

9. As another example of what he considered an improper attitude by the USG toward the current government in Uruguay, Ferreira said the USG had invited an Uruguayan policeman to join a group of journalists now touring the U.S. When asked for particulars, Ferreira said this was a man named Casale, who, although holding a press card, was widely known to be a policeman.

10. Ferreira said he was aware, from a recent letter from Acting Assistant Secretary Ryan, that the Department was opposed to the Koch amendment to deny military assistance to Uruguay. He, however, intended to lobby for its passage.

Robinson

354. Memorandum From Robert W. Zimmermann, Director of the Office of East Coast Affairs, ARA/ECA, and the Deputy Assistant Secretary of State for Inter-American Affairs (Ryan) to the Assistant Secretary of State for Inter-American Affairs (Shlaudeman)¹

Washington, June 22, 1976.

SUBJECT

Congressman Koch—Bureau Contacts

Per your request, I attach the letter sent by Hew Ryan to Congressman Koch regarding the latter's proposed amendment to terminate all U.S. security assistance to Uruguay because of poor performance in the field of human rights. I also attach the talking points prepared for Bill Luers' meeting with Koch to discuss human rights in Uruguay.

In a bureau meeting in mid-May it was agreed that Bill Luers would request a meeting with Congressman Koch to discuss with him the human rights situation in Uruguay, to make it clear that the Department did not confirm the extent of Amnesty International's allegations concerning Uruguay, and to explain why we would oppose an amendment to terminate US security assistance to Uruguay. This meeting was scheduled for May 26 but was cancelled.

In a subsequent bureau meeting it was agreed that a letter making the same points would be sent to Koch. The letter from Hew was then prepared, cleared and ready for mailing. In the interim, Bill Luers' meeting with Koch was rescheduled for June 10 and it was thought

¹ Summary: Zimmermann and Ryan outlined the Department's contacts with Koch over the course of May and June.

Source: National Archives, RG 59, Central Foreign Policy File, P840001-0322. No classification marking. The talking points prepared for Luers were not attached, but a set of relevant talking points is in the National Archives, RG 59, HA Country Files 1977, Lot 80D177, Human Rights—Uruguay—1976.

that Bill might deliver the letter in person. Subsequently, however, it was decided to mail it instead.

We understand that you have instructed “H” to make the Department’s views concerning the Koch amendment known on the Hill and indicated that we should try to retain full or partial U.S. security assistance to Uruguay if at all possible.

Attachment

Letter From the Acting Assistant Secretary of State for Inter-American Affairs (Ryan) to Rep. Edward I. Koch²

Washington, June 11, 1976

Dear Mr. Koch:

I am sorry that you have sponsored an amendment to the Foreign Assistance Appropriation Act to cut off all security assistance to Uruguay. I particularly regret that in support of your amendment you have stated that “terrorism by the Uruguayan Government against its own people is a well established fact, documented by Amnesty International and confirmed by the State Department” and that you have cited a Department witness as having “confirmed Amnesty International’s assertion that Uruguay is at least the equal of Chile in terms of torture.” While we share Amnesty International’s concern about human rights in Uruguay we do not share their conclusions about the human rights situation there.

It is in our national interest to maintain good relations with Uruguay, in part because of the influence that Uruguay—in spite of its small size—exerts in hemispheric and world affairs. Uruguay has been consistently friendly toward the United States and plays a moderating and constructive role in the Organization of American States and the United Nations. Last year, when most of Latin America was attacking our Trade Act, Uruguay’s reaction was moderate and realistic. In the UN General Assembly Uruguay sided with the United States on such important issues as the anti-Zionism resolution and Korea.

The human rights situation in Uruguay leaves much to be desired. There have undoubtedly been cases of serious violations of human rights and the police and judicial procedures are not such as to provide

² Source: National Archives, RG 59, Central Foreign Policy File, P840001–0323. No classification marking. The text of the letter was sent to Montevideo in telegram 148535, which stated that the letter was signed and sent to Koch on June 11. (National Archives, RG 59, Central Foreign Policy File, D760233–0661)

guarantees against recurrences. However, the situation is clearly better than it was when the struggle against the Tupamaro terrorists was at its height two or three years ago. Furthermore, the friendly relations between our two governments has permitted us to discuss this problem in a frank and friendly manner. We have been assured that such violations as may occur are contrary to the Uruguayan Government's policy. We believe that our private diplomatic representations have had a positive effect in strengthening the Uruguayan Government's resolve to improve the human rights situation in that country.

It is inaccurate to describe the Uruguayan Government as a military dictatorship. In fact, power is shared by the civilian government, with which we conduct our formal relations, and the military, with whom we deal primarily through US military contacts, which are facilitated by our modest security assistance program. In view of the complexity of the political situation in Uruguay and the open channels of communication to the Uruguayan Government which our traditional friendly relations have given us, the Department does not believe that a legislated denial of assistance to Uruguay would serve the cause of human rights in that country or serve the interests of the United States in international affairs.

If you would like to discuss further the human rights situation or the political situation in Uruguay, either formally or informally, the Department would be happy to make officers with the appropriate background available to you.

Sincerely,

Hewson A. Ryan
*Acting Assistant Secretary
for Inter-American Affairs*

355. Telegram 2722 From the Embassy in Uruguay to the Department of State¹

Montevideo, July 21, 1976, 1854Z.

2722. Subj: Congressman Koch's Charges. Ref: State 169681 and Montevideo 2341.

1. I received from Hew Ryan a copy of his recent letter to Congressman Koch, bearing no date, but which I assume had been sent about mid-July. State 169681 said this was being sent to all ARA posts and said the charges made against us were "completely unfounded". While I appreciate this, I must say I and my colleagues are disappointed in the letter which gives evidence of having been so chopped up by multiple drafters and clearers that it ends with little or no impact. Certainly it does not constitute a very notable reaction to a totally unwarranted, uninformed and unfair attack on this Embassy. Also, it says nothing whatsoever about Congressman Koch's ridiculing of our labor officer who, entirely on his own and in consultation with no one, exercised his citizen's right to communicate with his own Congressman about a matter about which he felt deeply.

2. It should be no surprise, therefore, that the Department's letter apparently had no effect on Congressman Koch. USINFO now reports the text of the Congressman's letter to the editor of the *New York Times*, published on July 19, which charges that this Embassy "shuns the idea that there is a human rights problem in Uruguay"—and again ridicules the labor attaché for his personal view.

3. It is thus, unfortunately, all too evident that Congressman Koch has not been adequately briefed on this Embassy's reporting of human rights, or else that he chooses to ignore the facts given him as he pursues

¹ Summary: Siracusa criticized the Department's handling of the accusations made by Koch against the Embassy in Uruguay, asking that the Department brief Koch using Embassy reporting on Ferreira.

Source: National Archives, RG 59, Central Foreign Policy File, D760281–0662. Unclassified. Repeated for information to Buenos Aires. In telegram 2341 from Montevideo, June 24, the Embassy responded to material that Koch had placed in the Congressional Record on June 22, which questioned the integrity of the Embassy's human rights reporting and which Siracusa believed was based on information Ferreira had given to Koch. Siracusa asked that the Department decontrol telegrams 2270, 2322 and 2324 from Montevideo, all of which discuss the Embassy's assessments of Ferreira, and make them available to Koch for placement in the Congressional Record. (Ibid., [no film number]) In telegram 169681 from the Department of State to the Embassy in Uruguay, July 8, Kissinger noted that "the Department is most concerned about the allegations Ferreira has made about the U.S. Embassy and U.S. officials and believes these charges must be refuted." (Ibid., D760264–1208) A letter from Ryan to Koch regarding Ferreira, dated July 14, is in the National Archives, RG 59, HA Country Files 1977: Lot 80D177, Human Rights Uruguay—1976.

his own objectives, whatever these may be. Likewise, he apparently has not been told, or if told ignores the fact, that we have asked that he be informed that the labor attaché's letter was strictly a representation of his own view, and that he is not responsible for human rights reporting here and in fact has had little or nothing to do with it.

4. In light of these comments, I ask the Department to reconsider my past recommendation. It seems to me that since the truth we seek to expose is in the substance of this Embassy's reporting, the best way to expose it is to open it to public scrutiny. I therefore recommend again that the reports specified in Montevideo 2341 be decontrolled and together with this message, be referred to Congressman Koch and/or others for publication in the *Congressional Record*. Recent American history illustrates all too painfully how artful explanations fail where the simple and whole truth would have served so well.

Siracusa

356. Telegram 196058 From the Department of State to the Embassy in Uruguay¹

Washington, August 7, 1976, 0046Z.

196058. Subject: Human Rights Hearings.

1. Pursuant to our conversations and your cable to Harry I visited both Fraser and Koch privately prior to the Uruguay human rights hearings.

2. I showed them a file of your MemCons and cables on the human rights issue which both scanned and which Koch read in some detail.

3. I also stressed to them the personal danger which ad hominem attacks on you in congressional sessions could place you.

4. They both seem to agree with me and Fraser was careful to avoid any personal references in Wednesday's hearings. However, this was not entirely the case with Koch who in the hearings made it clear that he preferred to believe Wilson Ferreira.

¹ Summary: Deputy Assistant Secretary Ryan described his visits to Reps. Koch and Fraser prior to hearings they held on human rights in Uruguay.

Source: National Archives, RG 59, Central Foreign Policy File, D760304-0872. Secret; Priority; Stadis. Ryan's August 4 testimony at the hearings is in *Hearings Before the Subcommittee on International Organizations of the Committee on International Relations, Ninety-Fourth Congress, Second Session*, pp. 109-114.

5. By now you should have seen my testimony which includes a statement of the Department's full support for you and your work in Uruguay.

Habib

357. Telegram 2941 From the Embassy in Uruguay to the Department of State¹

Montevideo, August 7, 1976, 1248Z.

2941. Subj: Human Rights Discussion With Lt. Gen. Vadora and Gen Queirolo.

1. Following up a conversation which I had with Gen. Luis V. Queirolo, Chief of Staff of the Uruguayan Army, at a farewell party for Defattaché Garibay, I invited the general to lunch at my residence for continuation of the conversation which was on the subject of human rights in Uruguay. In accepting, the general said that Lt. Gen. Julio C. Vadora, Commander in Chief of the Army, would like to come as well. During the three-hour luncheon, in which I was accompanied by DCM James C. Haahr, the discussion was wide-ranging and frank.

2. I pulled no punches in trying to convey my own and my government's concern on the problem of violations of human rights wherever they may occur and, specifically, in regard to Uruguay against which very serious charges had been leveled. I said that I and my Embassy have tried to present the most precise, objective and honest information we could obtain to my government, including the bad with the good. The fact that our reports vary considerably with those of others charging Uruguay with violations has resulted in my Embassy and myself being accused of defending Uruguay. This had come to the point, I said, where it had been necessary for a Department of State witness to reject this charge in the US Congress only the day before. I said I would freely admit to a deep feeling of sympathy for this country where I have lived for three years and an understanding of what the government is trying to achieve. I also recognize, I said, the supportive attitude which most Uruguayans appear to have for it. On the other

¹ Summary: Siracusa described his conversation with Army Chief of Staff Queirolo and Army Commander in Chief Vadora regarding human rights.

Source: National Archives, RG 59, Central Foreign Policy File, D760305–0958. Confidential. Repeated for information to Buenos Aires.

hand, I said, I do not in any sense consider it my duty to defend Uruguay and that I would not do so. I also stated that whereas I believed the majority of Uruguayans, while not necessarily enthusiastic about what is going on here, have shown themselves to be in the mood at least up to now to accept it as necessary catharsis. I warned, however, of the fragility of such a situation and how easily such a process could become repression. The inevitable reaction to prolonged repression would be increasing confrontation, vengeance and more repression from which there could be only one outcome ultimately, the defeat of the oppressor. All of my experience, I said, had shown me the inevitability of this fact which was something which the governors of Uruguay today had best keep uppermost in mind so as to restore the country, with all possible speed, to a more representative government and to the enjoyment of the freedoms they had once known. I got into much of this introductory following Gen. Vadora's frank admission to me, (putting it in less diplomatic terms than I had) that the government had found it necessary in its restorative "process" to suppress many of the free institutions which had operated here in the past.

3. I stated very frankly that whatever the facts, rights or wrongs might be, (and this could be subject to controversy) the fact that is clear to me is that those who are attacking Uruguay on the subject of human rights are clearly winning the battle. Therefore, I said, it is urgently incumbent upon the Uruguayan Government and particularly the armed forces to combat this increasingly bad image in the only way which can be successful. This, I said, would be by conscientiously reviewing their own practices, eliminating the abuses which exist, and proving this to the world by inviting open inspection. For this I recommended most strongly not only a continuing relation with the International Red Cross but also, importantly, an invitation to the inter-American Commission on Human Rights as well.

4. Discussing this theme I laid out the reasons why I had not accepted the GOU's invitation to visit the prisons last month. I also stated that the generally favorable reports which I had received privately from my colleagues who had visited them came as no surprise. But I said what concerns me, and what some of them told me had bothered them as well, was not the condition and treatment of people who are in the male and female prisons for the subversion, but what happens to them from the moment of their arrest until they get there. It is this, I said, which is being most criticized and upon this the prison visits had shed no light.

5. Elaborating on this I stated, for example, that quite apart from allegations of the outright physical torture of prisoners (about which I had no direct reports), I did have sufficiently direct knowledge of some cases to believe that psychological torture, to put it in the least

offensive terms, was practiced. I then described the essence of two cases known to me which are substantially similar and which included the surprise visitations of arresting officers, in or out of uniform; the hooding of a prisoner—even before his own family; threats designed to intimidate; the spartan conditions of confinement; the passage often of many weeks before family has any knowledge of the prisoner's whereabouts or welfare; and delay in access to a lawyer and the general slowness of the judicial process. This, I said, did not seem to me to be compatible with humane standards or in any way justified by conditions in this country—assuming they could ever be justified. The generals listened most attentively making no denial, confirmation or even defense of what I had described. They seemed, more than anything else, extremely thoughtful. Terminating this, I stated that I had been assured on more than one occasion by high officials that abuses of prisoners is contrary to the policy of the government and that torture is forbidden. Accepting this as so, I said, I found it hard to reconcile such a state policy with the treatment I had described. I also said that assuming flagrant abuses might reflect moments of uncontrolled passion (exaltations) by guards and interrogators, that examples of their disciplining for such infractions are not easily at hand.

6. I also raised the question of recent occurrences in Argentina which, it seemed to me, in absence of actions by the Uruguayan Government are likely to give rise to more serious attacks. I noted, for example, the accusations made in June that one Uruguayan and a number of Chilean refugees were taken from a hotel and badly beaten before their release. The reports said that among those who had tortured them was an Uruguayan officer who had paid special attention to the Uruguayan prisoner. I also called attention to recent reports by the UN high commissioners for refugees of the disappearance of 19 Uruguayans registered with his agency. Nothing further has been heard of these people except a denial by the Argentine Government that they had been taken by any official forces, and published appeals for news of their whereabouts by family members. Actually, I said, there are reports that the total number is 30 rather than those 19 registered with the high commissioner. What strikes one as strange, I said, is the fact that the Government of Uruguay, so far as I know, has made no public statement of concern for the welfare of these people. In view of the Argentine Government announcement, I said, one would have to conclude that they were taken by terrorist groups and therefore must be in grave danger. The generals listened to this with attention and concern. Gen. Vadora's observation regarding the delicacy of statements which could impute blame to a friendly government was not very energetic—presumably because I had already noted the Argentine Government's excusing itself officially from any knowledge of the act.

7. Turning to what might be done by Uruguay, I made several specific suggestions as follows:

A) First and foremost, that any practices subject to criticism as violation of fundamental human rights—obviously including any form of physical torture but certainly including, in my own judgment, what I had described as psychological abuse and disregard for family concern, should be eliminated.

B) The whole judicial process should be speeded up so that there did not exist a situation in which weeks transpired before a family knows of the whereabouts and welfare of an arrested member, or wherein such a prisoner's access to legal advice and defense is inordinately delayed.

C) The government should realize that it faces a serious problem affecting Uruguay's image and acceptability in the family of nations, and that it is basically a problem with which the government alone can deal. To do its best to combat what I described as a losing battle up to now, I suggested that it should consider issuing a clear, complete, and honest statement as to its attitude on the subject of human rights and its practices. The worst thing, I said, that such a statement could do would be to simply criticize Uruguay's accusers.

D) The government should also promptly, I said, invite impartial international observers to come here to review the situation. It should give them every facility and access to places of incarceration and to prisoners themselves. This should include, I said, not only those prisons already visited but all the others where prisoners may be held in whatever stage of their processing.

8. Commenting on my point about the slowness of justice Gen. Vadora stated that procedures under military justice are no different than they have always been and continue to be in Uruguay today for those subject to civil judgment. He said that this has long been recognized as a grave weakness of the Uruguayan system, which is indeed subject to criticism. But he emphasized that it is nothing new invented for subversives. He said if you will visit prisons where common prisoners are held you will find that they too are subject to an indefinite status which may or may not be defined for years. What they do know is the maximum for an offense, such as 5–15 years. Whether it in the end will be 6, 8 or the maximum is left to be determined by a slower process, including assessment of behavior etc. To illustrate his point he said that a very well known Uruguayan play, entitled "1040" was written and produced here about 10 years ago by a noted author dramatized this very fact.

9. At one point I asked Gen. Vadora what the government views as the long-term solution to the problem of prisoners classified as subversives. The general's reply was immediate. He said that right now up to 1,500 of them could probably be released and that some but not

all might even be paroled in this country. There were, however, about 500 of them who pose long-term dilemma because they are not only held for belonging to a subversive organization but had actually performed, in connection therewith, criminal acts subject to severest penalties. Also, this would include people so indoctrinated they could not be entrusted in freedom not to commit the same crimes again. In response to this I suggested that Uruguay consider offering to deport some of its releasable prisoners to other countries (not those adjacent to Uruguay) if any were willing to take them. They might challenge Uruguay's accusers, for example, to undertake a positive campaign for the resettlement of these people instead of just attacking Uruguay for its alleged mistreatment of them. As with my other suggestions, this one seemed to meet with thoughtful consideration but no comment one way or the other.

10. Among factors of interest which emerged during this long conversation are the following:

A) Gen. Vadora put the total number of prisoners held that day on charges of subversion at 2,017. This figure to contrast with the more or less 5,500 alleged by AI and ICJ. Saying that about 1,500 of these had been reported by the visiting Ambassadors to be resident at the Libertad and Punta de Pielés prisons, I asked where the rest were to be found. He said about 250 of them are here in Montevideo at "El Cilindro" and at the long established Punta Carretas prison, and at a smaller prison "Carlos Nery", and that others are at a small prison in the interior at Paso de Los Toros. When asked if this 2,017 figure included those taken and still held from the anti-communist roundup of last year, he said that it did. He said 450 were taken in that drive, that 200 are still being held and that the latter group had been processed but not yet sentenced. Eventually, he said, these 200 would be sent to one or another of the established prisons, principally La Libertad and Punta de Rieles.

11. In spite of the directness of my statements, neither Gen. Vadora or Gen. Queirolo ever showed any resentment or altered the serious, concerned attitude which they displayed throughout. They seemed to be truly preoccupied with the problem and interested in the observations and suggestions made. They made no commitment about any particular action except to observe that Chile's experience with the inter-American Human Rights Commission had not been a very good one. To this I responded that I thought it reflected no prejudice on the part of the commission but the circumstances which they had encountered in Chile. The luncheon ended as friendly as it had begun with their statement that they would like to have opportunity in future for similar, frank discussions.

Siracusa

358. Telegram 3123 From the Embassy in Uruguay to the Department of State¹

Montevideo, August 24, 1976, 1645Z.

3123. Subject: Operation Condor. Ref: State 209192.

1. Since tomorrow is a holiday I will have no chance of seeing Gen. Vadora until perhaps Thursday or Friday at the earliest. Therefore wish to make certain observations for clarification:

A) [3 lines not declassified] as I understand it the information concerning Condor activities of the kind we are making representations [less than 1 line not declassified] have come almost exclusively [less than 1 line not declassified] for all of us to base our concerns on "rumors", and especially for me to tell Gen. Vadora that our concerns are based on "rumors", seems hardly likely to be convincing or believed as government representations of this gravity and sensitivity, and at the levels contemplated would not be made on the basis of "rumors". [3½ lines not declassified] before acting, therefore, I wish assurances that this factor has been fully taken into account including all of its potential consequences. Perhaps, at minimum, some invented but harmless source could be stated as responsible for rumors to place them outside the Southern Cone.

B) [6 lines not declassified]

C) While I think the Department is right that only person I could talk to here at this time who could have the desired influence is Gen. Vadora, I am disturbed that confining my representations to him alone will have a bad effect on the integrity of my acceptance here and especially on my valuable relation with FonMinister Blanco. Obviously, what I will be talking about is not a matter of defense arrangements or security assistance for which I might logically go to the chief of the army. It is a matter affecting political relationships between states and therefore one which, I believe, I must take up with the FonMinister as well. Finally, since consultation at the levels contemplated elsewhere must inevitably get back to Blanco, I feel I must discuss it with him even though this may be the first news he has of the allegedly contemplated "operations".

¹ Summary: Siracusa discussed potential problems with the démarche regarding Operation Condor.

Source: National Archives, RG 59, Central Foreign Policy File, P860084-1950. Secret; Niact; Immediate; Roger Channel. Repeated Immediate for information to Asuncion, Brasilia, Buenos Aires, La Paz, and Santiago. For State 209192, see Document 241. Operation Condor, an intelligence-sharing apparatus among Southern Cone governments, had evolved into an organization that identified, located, and assassinated suspected guerrilla leaders and regime critics. See Documents 137, 238, 240-242, 245, 249, 253, 359, 367, and 368.

D) Representations on matters of this kind, which are of such a sensitive nature that they could affect an ambassador's relationship with specific key officials, or even to the government to which he is accredited, are often better done by the Department of State with the ambassadors in Washington. Since nothing is said about this aspect in the referenced instruction it is my recommendation that the ambassadors of the countries concerned be called in by the Department to receive similar representations at least at the assistant secretary level. Since in the case of Uruguay the ambassador is a military man who may have influence on his commanders, it seems all the more appropriate.

E) So as not to appear insensitive to the other side of the terrorist coin, I believe we should add to our representation some statement of understanding and concern for the fact that terrorists who may be [unclear] targets are reported to have their own target lists of government officials and other citizens who they intend to assassinate. In the case of Uruguay, the Department is familiar with the OPR–33 list which is said to include FonMinister Blanco and Finance Minister Vegh Villegas, among others.

2. I will await response this message before proceeding. Perhaps some of my colleagues may have views on parallel representations in their countries. Also, in view of concerns here for the source of information and over the flimsiness of basing our action on "rumors", I hope they can defer action pending further clarification. Since our latest information is that plans for Condor "operations" are shelved pending clarification of Brazil's attitude, time for consultation on this grave matter seems affordable.

Siracusa

359. Action Memorandum From the Assistant Secretary of State for Inter-American Affairs (Shlaudeman) to Secretary of State Kissinger¹

Washington, August 30, 1976.

Operation Condor

You raised a number of questions about Siracusa's reactions (Tab 2) to the instructions to him on Condor (Tab 3). My comments on his cable follow.

[2 lines not declassified] The CIA [less than 1 line not declassified] does not believe Siracusa's representations would unduly endanger him in light of widespread talk about Condor and the assassination aspect among officers of the security services of the southern cone. [3½ lines not declassified]

If we take this tack, the question is: should Siracusa also make representations? I believe he should. Our approach as originally conceived is couched in terms of a continuing exchange of information on the ground in Montevideo. A proposal of that kind from Siracusa would offer the most constructive and effective method of handling the problem. Dealing only with the Ambassador here would foreclose establishing that kind of relationship.

We agree with Siracusa that, if he does it in Montevideo, he should talk both to the military and to Blanco.

A parallel approach here, as Siracusa suggests, is acceptable to me and would help to preserve his position with the government there. But it is not my sense that this démarche is being made for domestic U.S. political considerations. What we are trying to head off is a series of international murders that could do serious damage to the international status and reputation of the countries involved.

¹ Summary: Shlaudeman discussed the questions raised by Siracusa regarding the Condor démarche and recommended that Siracusa approach both Blanco and Vadora, while a parallel approach was made by Shlaudeman to the Uruguayan Ambassador in Washington.

Source: National Archives, RG 59, Central Foreign Policy File, P860084-1945. Secret; Nodis. Drafted by Shlaudeman; cleared by O'Donohue. The proposed cable from Shlaudeman to Siracusa is attached but not printed. (National Archives, RG 59, Central Foreign Policy File, P860084-1948) No decision is recorded on the memorandum, but in telegram Secto 27128 from the Secretary's Delegation in Lusaka, September 16, Kissinger "declined to approve message to Montevideo and has instructed that no further action be taken on this matter." (National Archives, RG 59, Central Foreign Policy File, D760350-0102) Tab 2 is Document 358; Tab 3 is Document 241.

We agree with Siracusa that he should add that the Condor targets have their own lists of Uruguayan Government officials targeted for assassination. It is precisely for that reason we propose to engage the Government of Uruguay in an exchange of views on the security situation so that we can demonstrate our appreciation of the problems they face.

Options:

We have three options in the Uruguayan case. We could do it:

—by Siracusa to General Vadora and to Blanco, supported by a démarche to the Ambassador here [*less than 1 line not declassified*]

[*less than 1 line not declassified*]

[*less than 1 line not declassified*]

Recommendation:

That you authorize the attached telegram to Siracusa instructing him to talk to both Blanco and Vadora, informing him of a parallel approach by me here and referring to a communication he will receive [*less than 1 line not declassified*] on additional protection for the source. (Tab 1) Phil Habib has concurred in the attached suggested telegram.

ALTERNATIVELY, that we ask Siracusa to have the message conveyed [*less than 1 line not declassified*] if in his judgment that can be done.

ALTERNATIVELY, that I make the démarche here, with no action to be taken in Montevideo for the time being.

Attachments:

Tab 1—Telegram to Siracusa

Tab 2—Montevideo 3123

Tab 3—State 209192

360. Telegram 3388 From the Embassy in Uruguay to the Department of State¹

Montevideo, September 11, 1976, 1202Z.

3388. Subj: Meeting with Foreign Minister.

1. Summary. In more than an hour's discussion with FonMinister Blanco we reviewed human rights and internal political developments. Blanco said that while reaction to the Koch amendment, if passed, would be extremely negative, a negative vote by the US on IDB loans, based on the Harkins Amendment, would be infinitely worse. He said a proposed replacement of medidas prontas de seguridad by a law to be applied with "due process", and publication of prisoner-release data should be viewed as steps toward greater openness on human rights. He admitted personal opposition to the recent act nullifying political rights of many people but maintained that developments since June, including Bordaberry's ouster and even this act should be viewed as a part of the process aimed at eventual democratic restoration in Uruguay. He felt it important that I review these issues with President Mendez before my departure on consultation. Such a meeting has been arranged for the late afternoon of September 14. End summary.

2. I met with FonMinister Blanco on September 9 for a discussion prior to my departure for consultation in Washington. I had also requested a meeting with the new President Aparicio Mendez. I told the minister I thought it important that I have from him an interpretation of the political developments in Uruguay in the last three months as this would be a matter of interest in the Department of State. I also said that as the question of human rights has almost become the fulcrum of relations between our two countries, an up-date on this subject was also of importance; this especially in view of the recent testimony in the Congress regarding Uruguay; the progress of the Koch amendment; and, very importantly, the actuality of the Harkins amendment and its implications for several IDB loans for Uruguay which will be coming up for decision in the next few months.

3. Regarding human rights I briefed the minister on my recent discussion with Generals Vadora and Queirolo (MVD 2941) telling him how this particular discussion had come about. Blanco said he thought

¹ Summary: Siracusa and Blanco discussed Uruguayan politics, human rights, the Koch and Harkin amendments, and the reasons behind the ouster of Bordaberry.

Source: National Archives, Central Foreign Policy File, D760343-1179. Confidential. The Harkin amendment to the U.S. Foreign Assistance Act forbade U.S. economic aid to any government that engaged "in a consistent pattern of gross violation of internationally recognized human rights." (75 Stat. 424) MVD 2941 is Document 357.

this had been an important and useful contact. I found this of interest in light of the fact that I have since heard from two sources that there is developing some resentment in the GOU (unspecified where) because of my “pressing too hard” on the subject of human rights.

4. I went on to state that I did not know what the outcome would be regarding the Koch amendment. I called the minister’s attention to testimony before the Fraser Committee by Ambassador Ryan and the department’s position in opposition to the Koch amendment. At the moment, I said, what happens to this amendment depends on whether a parallel proposal is introduced into the Senate version of the bill and, if not, what action would be decided upon in conference committee. As of the moment, I said, the outcome cannot be predicted but one would have to assume that the amendment could become law.

5. Regarding the Harkins amendment I gave Blanco copies of the pertinent provisions of the law, in English and in Spanish, as well as a paper listing four proposed IDB loans for Uruguay, totalling \$85.4 million. These are to come before the board in the next couple of months and will require the US to take the Harkins amendment into account in deciding how to vote. After studying section 28 of Public Law 94–302, I said, as the minister was aware from Ambassador Ryan’s testimony, that the problem of defining what is a “consistent pattern of gross violation” of human rights is a difficult one and that insofar as I was aware this has not yet been defined. However, I said, section 28 lists what are considered to be “gross violations” of internationally recognized human rights, including among other things, torture, cruel or degrading treatment, prolonged detention without charges, etc. Speaking very frankly, I said that whereas I personally accept the GOU’s statement that it does not advocate or condone torture, there have been past instances at least in which torture has apparently occurred. Beyond this, I said, it is also a fact, and especially with regard to certain cases coming under security laws, that people are subjected to procedures of arrest and confinement which might be considered cruel or degrading, especially psychologically, and that prolonged detention without charges or access to legal advice or to families is in such cases fairly commonly practiced. The minister did not deny that this was so. Therefore, I said, in deciding how to vote in the light of the Harkins amendment what seems to be the controlling element is not whether these kinds of violations have happened or do happen to some degree in Uruguay but what constitutes a “consistent pattern”. How that would be decided, I said, I did not know. If to avoid making such a determination the escape of finding that the loan directly benefitted the needy was utilized, it might be considered by some, *prima facie*, to be a tacit though unspoken finding of a consistent pattern of gross violation. As a result of this, I said, we face a real dilemma in what could be [a] critical decision profoundly affecting relations between our two countries.

6. In the light of the above, I said, it seems to me that something dramatic, constituting a clear improvement in openness as regards human rights in Uruguay, seems to me to be urgently needed in order perhaps to avoid developments which can critically affect our relations. In regard to this I told the minister, as I had told Generals Vadora and Queirolo, that no amount of criticism directed against those people who have mounted a human rights campaign against Uruguay, or even of unproved denial of charges, was likely to be effective. I said again that in my opinion Uruguay was consistently losing ground on this issue and that the only way to change the trend would be to correct whatever is wrong regarding the human rights situation and to re-establish openness and due process in such a way as to prove that past abuses will not reoccur and that the present situation is acceptable or rapidly becoming so.

7. Regarding the above, I said that I had been intrigued and encouraged by two recent developments. These were President Mendez' reference in his inaugural speech to the replacement of *medidas prontas de seguridad* with a new law on a "State of Danger", to be applied with "due process", with his statement that the objective was to deprive criticism of Uruguay (on human rights grounds) "of any vestige of truth"; and finally, with the publication this week of a statement detailing the number of people who have been processed and released since 1972. I said I hoped all this pointed to a new trend toward openness, and that if so I hoped that the trend could receive a dramatic and positive acceleration. This, it seemed to me, could be the kind of thing which would help resolve the dilemma which may be fast approaching regarding decisions under the Harkins amendment. I noted how some such dramatic step would be strengthened if a move toward international verification by the Inter-American Human Rights Commission were to be invited.

8. In reply Blanco said he wanted to repeat again his opinion that the Koch amendment, if it should become law, would have a very adverse and counterproductive effect in Uruguay. Of this, he said, he had no doubt. But he went on to say that an adverse US vote under the Harkins amendment would be infinitely worse and not just because of the economic penalty [it] would impose. This is because, he said, the Koch amendment at least could be looked upon as an adverse act of the legislature imposed against the will of the executive; but, in contrast, the Harkins amendment could only be applied against Uruguay after a specific, adverse executive decision. If under it a decision were made to vote against an IDB loan for Uruguay this would constitute public and open executive branch condemnation of Uruguay. It could not help but be bitterly resented in this country. It would reflect, he said, an unfriendly lack of sympathy and understanding for what the Uruguayan Government is in all sincerity trying to do, and a callous disregard of the circumstances which brought the great adversity to

this country which its current leaders are trying to correct. He feared, he said, that the reaction would be not only bitter and resentful but highly nationalistic. The end result would therefore be, he said, totally counterproductive in terms not only of US/Uruguayan relations but also in terms of what the Harkins amendment is presumably intended to bring about, namely, an improvement in human rights treatment.

9. Regarding the President's speech and the publication of data on arrests, the minister stated that overall intent is, clearly, to move toward a greater degree of openness and due process, always consistent, however, with that degree of state security needed to underwrite the restorative political process in which the government is engaged. The idea for a new law of "State of Danger", to replace the *medidas prontas*, is not a new one, he said. It has been talked about and studied for at least a couple of years but there is now a decision to go ahead with it. This will be done in the full realization that it, like the *medidas prontas*, will be criticized because of the emergency features it will retain; but it will nevertheless be a step in the right direction, he said, and it will lead to greater openness and due process as the President had stated. Actually, when this might be promulgated, he did not know. The publication of arrest data, he said, resulted from an initiative of the Ministry of Foreign Affairs precisely aimed at achieving greater openness. The initial announcement had been made, he said, without explanation because it was simply to establish a pattern and any explanation would have made it appear to be a response to criticism. This, he said, the government needed to avoid for reasons which could easily be appreciated. From now on, he said, it is the intent (as we had learned from ESMACO—Montevideo 3327) periodically to publish the names of persons who have been released and the terms of their release.

10. With regard to inviting international inspection, the minister said, the problems were still difficult and he could see no clear solution at this time. I suggested that this would be the best way to prove that a new, improved situation was in process even though it might well result in some criticism of past practices. I urged again that the matter be studied and that at minimum the government might consider entering into discussion with the inter-American human rights commission on the terms and conditions under which verification visits might be made. Apart from this, I said, promptly restoring due process by giving detainees prompt access to lawyers and family and to early, public trial would be a most effective way of countering criticism on human rights grounds.

11. We then proceeded to the subject of political developments since June. In regard to this I noted that whereas President Bordaberry had been criticized abroad for his part in acts limiting democratic practice in Uruguay, the same critics have now criticized his ouster as breaking the last link of constitutionalism. I also said that the recent

promulgation of Constitutional Decree No. 4, depriving a great number of people of their political rights had, insofar as I could tell, been received with some degree of shock by Uruguayans and had only added to criticism of Uruguay abroad. If these developments, I said, in fact were part of a process (as announced at the time of President Bordaberry's ouster) of restoring more ample political and party activity, the failure to make clear how this restoration is to come about and when has made Uruguay vulnerable to the criticism that an authoritarian government is becoming more so. This criticism, I said, joins that of human rights to effect adversely the image of Uruguay abroad.

12. The minister in response said he thought it was a good thing I wanted to talk to President Mendez because it was important that I raise the same considerations with him and get his point of view. He said that he would recommend that I be received and would also brief the President carefully on the background of our discussions on human rights and particularly of this discussion today. Apart from that he said he would be very frank to tell me, as I perhaps already knew, that he had opposed and continued to be opposed to the decree depriving people of their political rights. He did not think it was necessary or effective and he recognized its adverse impact on Uruguay's reputation as well as the negative reaction of Uruguayan citizens. Such things, he said, were not, however, the dictation of any particular individual. What is happening in Uruguay, including this, he said, represents a consensus often laboriously achieved after much debate of different points of view. This included, he said, the steps leading to President Bordaberry's demise. With regard to this, he said, the fact is that there was no great military opposition to President Bordaberry personally and much appreciation of what he had done for the state over the years. There was also much about which the military and the former President agreed and were in harmony. There was even a strong desire by the military that President Bordaberry not only finish his constitutional term but that he remain on for a still longer period. What had made this impossible, however, was the development of the dialogue between the President and the military on the evolution of the "political process" in Uruguay in this year and in the immediate future. Here, he said, even he had parted company with the President who he had tried to influence differently since the dialogue was initiated last December, up to and including late in the afternoon of the day when the President was finally ousted. While the issue was very complex, he said, it boiled down to this: President Bordaberry and the military had agreed basically on a wide spectrum of "temporary measures" which had to be applied as part of the process of recovery and restoration of Uruguay, politically, economically and socially. But the word temporary is the key. What Bordaberry essentially was trying to do was to "institutionalize" and make permanent many of the measures

which the military firmly regarded as temporary. It was on this basis that they finally broke and it is on this basis that one can legitimately view this break as positive in terms of the process toward eventual democratic restoration in Uruguay. We are beginning, he said, to see some of the elements of this and more will be forthcoming, such as eventual election of mayors and the lifting of restraints on political party organization and activity. Nevertheless, he concluded, he felt it important that I have an in-depth discussion with the President and promised to arrange it.

13. My meeting with President Mendez has now been set for Tuesday, September 14, at 5:00 p.m.

Siracusa

361. Telegram 3451 From the Embassy in Uruguay to the Department of State¹

Montevideo, September 15, 1976, 1944Z.

3451. Subj.: Meeting with President Aparicio Mendez. Ref.: Montevideo 3388.

Summary: In an hour long discussion President Aparicio Mendez said the GOU's ultimate purpose is to restore full democracy to Uruguay but that this result should not be expected immediately and particularly not so long as subversion is not brought under control in neighboring states. While rejecting international verification of human rights, he said the government is working toward eliminating abuses which have existed and intends to place Uruguay "above criticism". The new law of "danger", largely but not wholly to replace the *medidas prontas de seguridad*, should go to the council of state next week, he said. They are also considering a procedure for "benign" treatment of prisoners, particularly women, which should accelerate releases. A white paper on subversion, security and human rights is also under consideration. He made an eloquent appeal for the US to give Uruguay the consideration due a traditional friend in adversity, when considering our attitude on human rights, such as under the Harkins amendment. End summary.

¹ Summary: Siracusa recounted his September 14 discussion with President Aparicio Mendez, who took office on September 1, regarding subversion, democracy, human rights, and prisoner releases.

Source: National Archives, RG 59, Central Foreign Policy File, D760348–0690. Confidential. Telegram 3388 from the Embassy in Uruguay is Document 360.

1. President Aparicio Mendez received me at 5:00 p.m. September 14 for a discussion which lasted one hour. Having been briefed by Fon-Minister Blanco (reftel), the discussion, after initial courtesies in which I expressed my best wishes for success in his heavy, new responsibilities, quickly entered at his initiative into the subject of human rights and internal political developments.

2. The President said he wanted to make clear at the outset that his personal task as he sees it, and in fact the objective of the current "civilian-military" government, is the restoration of democracy in Uruguay; but he said the process would necessarily be a difficult and a long one and he would not venture to predict exactly how long it would take. Nevertheless, it would certainly be about three years at least, he said, before the first manifestations of new political activity (probably the elections of mayors) would occur. Prior to this he said, there would be some party activity in developing new leadership following the measure (Constitutional Decree No. 4) which deprived former leaders of the right of active participation in politics.

3. Regarding his own role President Mendez said that he knows he is subject to considerable criticism and misunderstanding. But he believes that he has undertaken his responsibilities at personal sacrifice in view of his age (72 years) and his state of health, which includes a problem of high blood pressure, and he says he would not do this except to serve his country as he believes he can. He knows he is considered by some simply to be the instrument of the military but he said emphatically that this is not so. The military, he said, are dedicated, serious people who very easily could have taken over the entire government had they wanted to because they obviously had the power; but they have resisted doing this feeling that the civilian-military structure which exists is more effective and will give better results. It would be a mistake, he said, to believe that the government operates on other than a process of debate in effort to achieve consensus. In this, he said, the civilian participants—the President, civilian members of the cabinet and council of state—have an important and responsible role. Prompt restoration of a fully open Uruguayan society, with all its former characteristics, he said, should not be expected immediately and certainly not until subversion is ended in South America, particularly Argentina and Brazil. Full restoration of liberty, he said, prior to that eventuality would only invite a quick return of subversive aggression here, on its former scale or worse, and this would subject the nation again to what it suffered during the Tupamaro period. This, he said, will not be allowed to happen. But he emphasized again that within these limitations, and with the restructuring and new forms which will be devised, the clear and ultimate aim of the government of Uruguay is democratic restoration.

4. Turning to human rights, I made some prefatory remarks along the lines I had taken with the FonMinister regarding the Koch amendment and the Harkins amendment. Before commenting on this, the President produced a very large folder containing, he said, a long list of confidential documents which had never been shown to anyone before and which were now being copied so that they could be provided for the confidential information of my government. He said this represented an effort to let us see from the inside the kinds of problems which the government has faced regarding subversion and which it still faces. Perusing the list he mentioned several documents concerning the “antecedents” of Wilson Ferreira Aldunate—pausing to observe that he thought it important the USG “understand the nature of this man”. He, himself, he said “had been deceived” by Wilson Ferreira and, although he did not elaborate, he indicated that those documents referring to Wilson Ferreira would show his subversive connections and actions. He then mentioned other documents concerning subversive activity which would be included. When I told him that while this was interesting and we would be glad to receive whatever the government wished to give us, what seemed to me of more immediate importance was my desire that he understand the implications of the Harkins amendment and my hope to hear from him what we might expect in terms of developments on human rights in Uruguay, and especially the significance of those portions of his inaugural address which related to this subject. He said he agreed and that he did not wish to place undue importance on Wilson Ferreira. In fact, he said, discussing this only yesterday, it had been agreed that the government’s best course would be to ignore him as they did not wish to contribute to his “pretended martyrdom.”

5. I then had opportunity to explain to the President the status and implications of the Koch amendment proposal and of the Harkins amendment. With regard to this he said he had just learned that the Senate did not include a measure parallel to the Koch amendment in its version of the act. While he considered this a favorable indication he nevertheless understood that a final decision would be made in conference committee. Regarding the Harkins amendment he said he would be thoroughly frank and realistic by admitting that some of the human rights violations described therein had occurred in Uruguay. But he said he was certain that the USG, which he believes has friendly disposition toward Uruguay, could not consider its possible application except in light of the total background of subversion in this country and its brutality which has forced a reaction in self-defense which itself had produced some abuses. He expressed confidence that the understanding and sympathy due a friend would enter into US judgment and here he deviated to remark on historical and constitutional similarities, and differences,

between the US and Uruguay. He talked at some length about the great thinkers and documents of early American history and the "coincidence of giants" which produced a constitution which could endure as has ours. Uruguay, he said, also had giant figures in its earliest years (around 1830), and its first constitution embodied most of the great principles of our own and had been a document worthy of respect. But the vicissitudes of subsequent Uruguayan history had produced other documents which were the creations not of giants but of political figures; and they were intended, he said, to serve politicians more than broad national purpose. This basic flaw had brought the country eventually to distortion of this democratic practice, its penetration by alien ideas, the deception of its youth and eventually the tragedy of the Tupamaros experience; and they to the necessary reaction to it. He said he hopes and was confident that the US would bear all of this in mind in determining its attitude and relations with Uruguay.

6. I returned the conversation more to specifics by pointing out that I was not sure how much latitude there would be because of the precise language of the law. I said that my country has a deep sense of moral obligation regarding human rights and that I recognized that Uruguay did as well as it was one of the proponents of basic human rights measures at the UN. We had, I assured him, been viewing this problem in Uruguay with the sympathy and with understanding due a friend, but also with concern. Now, I said, the focus of attention on Uruguay produced by the campaigns directed against it in the last few months, together with congressional interest and the text of our law, had brought about a situation in which decisions must soon be made under the Harkins amendment because of the nearly \$85 million in IDB loan projects for Uruguay which will come before the board in the next few months. The problem, I said, is that even if one can successfully discount much of the exaggeration from accusation against Uruguay on human rights there still remains, as the President himself said, a residue of basic truth including precisely the kinds of violations specified in the act. Therefore, I said, what remains to be considered is what constitutes a consistent pattern of such violations and as to this, I said, I would hazard no guess except to say that an adverse decision on these grounds could be entirely possible. For this reason, I said, I had expressed to FonMinister Blanco a keen interest in the meaning of the President's reference in his inaugural speech to a new law of "danger" to be applied with "due process", to his statement that Uruguayan practice would have to be made "above criticism", and to the meaning of the recently announced intention to publicize the names of persons released from prison.

7. Responding, the President said that the final touches in the new law had been made only yesterday and he expected that it would go

to the council of state next week. I then asked whether this was intended to replace the *medidas prontas de seguridad* and eventually what would be its significance and the manner of its application under due process. He replied that it could not wholly replace *medidas prontas* but, as he had stated in his speech, the *medidas prontas* would in future be applied only infrequently, if at all. He said the *medidas prontas* must be maintained because they provided the legal and constitutional means of setting aside the guarantee of habeas corpus, which has been necessary and which would continue to be necessary. Under the *medidas prontas*, he said, a judge might order the liberation of a prisoner but if he is considered to be one who truly endangered the state he could then be held indefinitely at the order of the executive. Under the new law which would apply to most detainees, he said, such people would no longer be held at the order of the executive but would be definitely sentenced by a judge and remanded to those prisons especially prepared for persons charged under security laws. These, he said, were model prisons which accorded this class of prisoner far better treatment than Uruguay was able to provide the common criminals. He said he thought this had been amply demonstrated during the prison visits which Ambassadors had recently made. At this point he noted that the total number of prisoners held under security laws was just about 2,000. He also said that trial and sentences under the new law would prevent anyone from being held in military *curateles* or prisons other than those especially prepared for security prisoners. When I asked him if it was intended that such people in future be given open trials, saying that by this I meant public trials with presence of witnesses and the press, he answered in the negative. But he went on to explain that Uruguay has never followed this kind of trial practice—that it has never had open trial in that sense because of the differences in our juridical systems. But trials in the future would be open, he said, in the sense that prisoners would have prompt access to legal advice and the trial records would be available. He also confirmed that it was intended, following the precedent now established, periodically to publicize the names of persons released from prison.

8. When I suggested the possibility of inviting international verification the President's response was no more encouraging than Fon-
Minister Blanco's had been (reftel). I emphasized Secretary Kissinger's support for this procedure and said we thought it could alleviate the problems of discussions such as we were having by taking the problem of human rights out of the bilateral sphere. It could also do more, I said, toward clarifying the true picture of the situation in a country than any other means. The President said Uruguay, at least at the moment, did not have such faith in this procedure. He said he feared that international bodies from which such commission come have themselves been

so influenced by the forces against which Uruguay is fighting that they could not be considered to be truly objective.

9. I then suggested that it might be well for Uruguay, in order to put its own case before the world, to issue some kind of white paper which would put into focus the whole problem of subversion here and problem now existing as the government sees it. I noted that Ambassador Ryan had a few months ago made a similar suggestion to the Fon-Minister. The President stated that precisely this subject was discussed just yesterday and that it would be under active consideration. He then went on to say that they also had discussed a new "act of benign treatment" (*Acta de benignidad*). This, he said, would underwrite a "benign" attitude and treatment toward a broad spectrum of security cases, with a specific intent of releasing people from prison, particularly women. In cases thought worthy of benign treatment, but still considered dangerous, prisoners could be released if they had some other country which would accept them. But even this, he said, produces its own kinds of dilemma. There are cases, he said, involving, "cretines utiles", (useful fools) who had been deceived, and entrapped into security violations by those exploiting their good intentions and emotions. For example, he said, there are some nuns who the government would like to release from prison. But it fears to do so, he said, because of its honest concern that they would be murdered by the same subversive elements which exploited them if they left the protection of prison. This was a "Shakespearean dilemma", he said "to be, or not to be"; but a best effort would be made to deal with it.

10. Summarizing at the end of his very frank and forthright discussion the President repeated again that the government of Uruguay has as its ultimate intent the restoration of democracy but that he must emphasize in all honesty the process had to be a slow one. It also believes that it continues to be the object of a serious subversive threat against which it must defend itself; and until the situation is greatly improved especially in neighboring countries, so that a relaxation of the guard here would not simply invite the return of subversives to renew their attacks, sweeping changes are not to be expected. Nevertheless, the President said, within the requirements of security every effort would be made to correct such violations as have occurred so as to improve the situation and, as he had said, place Uruguay "above criticism". He ended by again appealing for US sympathy and for its understanding, as a traditional friend of Uruguay, of the reality of the problem with which the government is trying to deal. When I expressed my regret to the President that my very first interview with him had to be devoted to such a delicate and sensitive subject, he said I should feel completely at ease because the government recognized its importance, believed me to be a sincere friend, and welcomed the opportunity to give me its point of view prior to my returning to Washington for consultation.

362. Telegram 3462 From the Embassy in Uruguay to the Department of State¹

Montevideo, September 16, 1976, 1552Z.

3462. Subj: Koch Amendment. Ref: Montevideo 3388 and 3451.

1. I have just learned that a version of the Koch amendment has been introduced into the Senate bill. Since I am leaving later today and will not be in Washington for about a couple of weeks I wish to stress to you most emphatically and sincerely that I believe the passage of this amendment can do serious damage to our relations with Uruguay and, no matter how well intended it may be, is likely to have a counter-productive effect; that is, instead of helping the situation regarding human rights in this country it is likely because of its punitive and condemnatory nature to produce such a reaction as to have a harmful effect on what we believe to be a clear trend toward improvement. Moreover, it is almost certain to reduce the influence we would otherwise have to nurture this trend.

2. I call your attention to the two references outlining my recent discussions with the FonMinister and with the new President Aparicio Mendez. Both indicate concern in the Government of Uruguay on this subject and, I believe, a healthy trend toward greater openness. Supporting this is the fact that recently the diplomatic corps was invited to visit the prisons where security prisoners are held and, as we have reported, found them to be on the whole more than satisfactory. There is also the new law, scheduled to go to the council of state next week, which will largely replace the *medidas prontas de seguridad* and, according to what I have been told by the President (and only last night by the Minister of Defense), will lead to greater openness and due process in the treatment and trial of prisoners accused under the security laws. There is also the President's statement to me about a procedure for more "benign" treat-

¹ Summary: Siracusa stressed to Shlaudeman his belief that passage of the Koch amendment would damage U.S.-Uruguayan relations and would have a detrimental effect on human rights in Uruguay.

Source: National Archives, RG 59, Central Foreign Policy File, D760350–1185. Confidential. In telegram 3537 to the Department, September 21, the Embassy reported on negative Uruguayan reaction to the Koch amendment. (National Archives, RG 59, Central Foreign Policy File, D760358–0246) In telegram 238199 to Montevideo, September 25, the Department notified the Embassy that the House-Senate conference committee had included the Koch amendment in the final version of the appropriations bill. (National Archives, RG 59, Central Foreign Policy File, D760362–1100) In telegram 3955 to the Department, October 19, the Embassy reported that Uruguayan criticism of the Koch amendment "has abated" and that "the prevailing mood, for the most part, remains one of ambivalence." (National Archives, RG 59, Central Foreign Policy File, D760392–1250) Telegrams 3388 and 3451 from the Embassy in Uruguay are published as Documents 360 and 361, respectively.

ment which could lead to accelerated releases. Finally, there is the recent publication of the number of prisoners released under various categories since 1972 and the stated intent, regularly in the future, to publish the names of released prisoners. All of this, I submit, is a healthy trend which may be due in part at least to our quiet, diplomatic efforts and it is something we should encourage rather than thwart. I would also say that the Koch proposal itself and the spotlight of congressional hearings have probably also had a good effect of focusing GOU attention on this problem and on inducing concern for its image. Nevertheless, this good effort could well be lost, I fear, if the proposal is actually put into effect. What I have said here applies as well to the Harkins amendment which, if applied, would certainly be counterproductive and seriously damaging to our relations. I hope the Department can bear these factors in mind in making a vigorous effort to see to it that the Koch amendment does not become law.

3. As a final point I would like to reiterate that in our opinion, the accusations against Uruguay which have inspired this legislation are to a considerable extent exaggerated and inaccurate; I believe that our diligent effort to discover and report the true facts in this difficult area have amply demonstrated this. This is not to say, of course, that there have not been nor are not now some violations of human rights. There have been and there are, as we have always said. But as we have also said, the situation was doubtless a lot worse several years ago, at the height of the campaign against Tupamaro terrorism, than it has been since and there is, I believe, a real move to improve. I also wish to call attention to the appeal made to me by the FonMinister and the President: that is, that the USG, in judging these matters, give Uruguay the consideration due a longstanding and traditional friend in adversity which is struggling to deal with a serious problem, and that it take into account all of the relevant factors which produced a reign of terror here against which the government eventually reacted with force.

Siracusa

363. Memorandum of Conversation¹

Washington, October 8, 1976, 4 p.m.

SUBJECT

US-Uruguayan Relations

PARTICIPANTS

Uruguay

Foreign Minister Juan Carlos Blanco of Uruguay

Uruguayan Ambassador to U.S., Perez Caldas

United States

Acting Secretary Robinson

Assistant Secretary Harry W. Shlaudeman, ARA

Ambassador Ernest V. Siracusa

Mr. Robert W. Zimmermann, Director, ARA/ECA

Mr. Donald C. Tice, Special Assistant to Acting Secretary Robinson

Following the initial amenities, Foreign Minister Blanco stated that terror in Uruguay had created a serious disbalance which the government is now seeking to rectify with a new approach to meet the subversive situation and at the same time rebuild the economy. Uruguay, he said, has all the problems of a small country seeking further development. The personal contribution of the new President, Aparicio Mendez, can be important to the design of new institutions that retain human values but place them in a new framework required by current conditions. On the political side this does not mean that there will soon be a Congress or general elections. The Congress that eventually may be established should perhaps set out general guidelines rather than address itself largely to details. Uruguay must also consider the experience of countries in other parts of the world such as Portugal, Spain and others in Latin America.

The Acting Secretary responded that one of the basic problems Uruguay faces in the United States with regard to human rights is the absence of appreciation for the difficulties with which the country has had to cope. Human rights are relatively academic until a system has been established that permits individual freedoms. When subversive

¹ Summary: Robinson, Shlaudeman and Siracusa discussed Uruguayan politics, human rights, the IAHRC, and the Harkin amendment with Blanco and Perez Caldas.

Source: National Archives, RG 59, Central Foreign Policy File, P760167–2864. Confidential. Drafted on October 13 by Zimmerman; cleared in D and by Shlaudeman and Siracusa; and approved in D. The meeting took place in the Deputy Secretary's Office. An October 6 memorandum from Zimmerman to Shlaudeman regarding preparation for the meeting is in the National Archives, RG 59, Central Foreign Policy File, P840051–0493, and an October 8 Briefing Memorandum from Shlaudeman to Robinson is National Archives, RG 59, Central Foreign Policy File, P760161–2360.

activities threaten the overthrow of a government, that government must take appropriate steps, and when it does so these steps are interpreted here as violations of human rights. This perspective is reflected in our Congress. The United States is a stable country and thus the people have very broad rights; consequently U.S. citizens react when people abroad do not enjoy the same human rights. The U.S. believes in human rights but must see them in relation to the problems existing in any particular place. At the same time we have the responsibility to administer our laws in this area, as in others. A way must be found of working with countries such as Uruguay which have problems of stability. The problem is to assure the protection of human rights while effectively recognizing the special security situation in certain countries. Meanwhile our Congress has imposed restrictions on economic and military assistance in selected instances.

Ambassador Siracusa commented that he has had discussions with the Foreign Minister and the President of Uruguay and has sought to explain the Koch and Harkin Amendments to them. He said he has also endeavored to transmit his views on the situation in Uruguay as factually as possible. We are now trying, he said, to deal with the aftermath of the problem created by these amendments, and at the same time convince Congress that the law is being honored. Picking up on a comment by the Acting Secretary, Ambassador Siracusa noted that the new "law of danger", which will largely replace the *Medidas Prontas*, will tend to provide more open treatment of prisoners and speedier trials, and access by family and lawyers. Nevertheless, he said, the U.S. Congress is more impressed with the reports of Amnesty International than the information submitted by the Embassy.

Replying to a reference by the Acting Secretary to that portion of the Foreign Minister's speech at the UNGA relating to international standards for human rights, Foreign Minister Blanco said that a reexamination of this issue must begin with a clear, strong statement on the substance of the problem. Uruguay is much more interested in human rights in Uruguay than anyone else in the world. Uruguayans are born, he continued, with special sensitivity to this issue and any foreign action in this area complicates the nation's internal problems. When there is outside interference people become more radical and there is a distinct negative effect that interferes with the internal process of relaxation. Uruguay is quite aware of what is wrong but it is in the tradition of the country to seek to move to higher and higher standards. A practical way must be found to deal with this issue. The stability of the social order and human rights go together and it is for this reason that Uruguay is seeking to find new institutions to promote a social order that will encompass personal freedoms.

Responding to a question from the Acting Secretary whether he had proposed international action in his UN speech, the Foreign Minister

stated that any international or unilateral action must be taken equally with regard to all countries. All aspects of life in each country should be charted. For example, how are women treated? Are the people free in their personal lives? Uruguay today is among the 30 or 40 countries with the highest living standards. Thus Uruguay becomes deeply angered when it is attacked in the manner of the Koch Amendment in spite of its problems and its high standards. International mechanisms are being used in an arbitrary fashion for political purposes with the intent to create difficulties for a nation that has successfully put down leftist subversion. The movements of the left in the world today are attacking such nations.

Prior to the Tupamaros, the Uruguayan political intelligence apparatus, he continued, consisted of only four or five men who did not even have a car and only a small house for headquarters. The whole structure that has been erected today was built to meet this new kind of warfare. Now some people say the Tupamaros are finished and there is no longer a problem, but this is simply not so. Leftists have assassinated the Uruguayan Military Attaché in Paris and have drawn up a list of future targets, including Blanco. Moreover, Uruguay is now providing more information regarding the number of people in jail and those released. As of 15 days ago the total number of subversive prisoners in Uruguayan jails was 2,054. Also 1,800 prisoners have been released without any further ado and have resettled themselves except for those few who have chosen to go abroad. The Foreign Minister said that he had told McDermott of the International Commission of Jurists that if Uruguay had simply killed the terrorists and dumped them into the Rio de la Plata nothing would have been heard from human rights organizations. Instead the Tupamaros were put in jail under better conditions than ordinary criminals.

Continuing on the same theme, the Foreign Minister stated that the problem of Uruguay is in reality comparatively small. The charges are that the armed forces of Uruguay have killed by torture 22 people in the course of seeking to keep down terrorism. In fact, Uruguay can demonstrate that some of those on the list of 22 were not killed. The total number of people killed during the Tupamaro era on both sides (military, police, and Tupamaros) were only 200 or 150, or even less. Just one death is to be greatly regretted but the world must be reasonable. He cited Lebanon and Cambodia. Very few countries, he claimed, could have achieved the results obtained by the Government of Uruguay at so little cost and yet Uruguay is called a chamber of torturers. He claimed that the Uruguayan military is just as sensitive to the human rights issue as he is. These are people who go to church and take holy communion. Uruguay knows it has problems, he continued, and that there are some excesses, but the armed forces are against such excesses and seek to

avoid them. The Koch Amendment, however, complicates the nation's political life and promotes anti-Americanism in all sectors of society. The GOU is trying to calm the people down. Blanco said he understands the position of the Department of State and the people of the United States, but it is important for the U.S. to understand Uruguayan difficulties as well. The situation is not what Uruguay would wish it to be; but objectively the figures compare favorably with those for any other country in which similar circumstances exist.

The Acting Secretary returned to the question of how to deal with this problem in order to get better understanding on both sides. Assistant Secretary Shlaudeman noted that it was an extremely difficult problem. One aspect of the matter is that there is a great deal of skepticism in Congress regarding whatever the Department of State says; this situation has a long history. Ambassador Siracusa, he continued, keeps us informed and it is not our desire to employ these unilateral measures nor do we believe they are productive. The U.S. view is that the problem should be dealt with by the inter-American system, multilaterally. The misgivings of Uruguay about the IAHRC and Amnesty International are well known but it still seems to be the best method of attack. The advice he would give, he said, is for Uruguay at least to consider inviting the Inter-American Human Rights Commission to make a visit. Obviously there are risks involved but the head of the IAHRC appears to be a fair-minded man. Shlaudeman emphasized that this is just a suggestion as the U.S. is not in the business of providing prescriptions or imposing solutions.

There ensued some discussion of a possible role for the IDB in certifying whether loans would indeed directly benefit the poor of the recipient country. Commenting on how easy it is for a single instance to fuel the entire controversy, Acting Secretary Robinson said that the IAHRC indeed may be the best approach to the problem. It is important that the Congress have some separate source of information that would assist in their understanding of the situation. The Foreign Minister pointed out that Uruguay has been answering all charges that have arisen in the Inter-American system but no response had ever been received. Shlaudeman said that we understood this but Uruguay's cooperation in that respect was simply not sufficient to satisfy general public opinion; what he had proposed was to invite the IAHRC to visit Uruguay.

The Foreign Minister responded that at first Uruguay had tried to be open with international organizations, first in 1974 with Amnesty International and the International Commission of Jurists, and later with the International Red Cross. The GOU explained to the ICJ the physical problem that faced Uruguay in terms of the large number of people detained during the Tupamaro period vs. limited court facilities which

led to delays in bringing people to trial. Nevertheless, when the ICJ team left it gave a very hostile press conference and made wild charges. In the case of the IRC, which visited prisons, the GOU sought permission to make public the report of that organization but the Red Cross raised technical difficulties; up to now Uruguay has not been able to make any release on that visit. Hence Uruguay is very skeptical about future visits by international commissions. Perhaps, he added, (and he emphasized this was not official), the new composition of the Inter-American Human Rights Commission would make it more acceptable.

The Acting Secretary asked whether it is not possible to refute the charges against Uruguay point by point. The Foreign Minister replied that in terms of statistics this would be possible, but otherwise it is extremely difficult to answer in this way. Ambassador Siracusa then commented on the recent visit by various members of the Diplomatic Corps to Uruguayan prisons and underlined the fact that the simple mathematics of total prison capacity in itself refuted AI charges about the number of prisoners held. He stated, however, that to be convincing to Congress and the American people these judgments must come from outside sources.

The conversation then turned to the Harkin Amendment. The Acting Secretary explained that we are required to vote against loans in the IDB if there exists a consistent pattern of gross violations of human rights and the loan is not of direct benefit to the needy. Unfortunately, the burden of proof is on the Department of State to prove that there is not a consistent pattern. If some acceptable investigating board could issue a report perhaps enumerating isolated cases, but coming to a conclusion that a pattern of violations does not exist, then the Department of State would be in a better position to make a judgment. The IAHRC would seem to be the most likely group for this task.

The Foreign Minister said that there is an immediate problem however in that there are two or three loans to be considered in the near future by the IDB in the area of fishing, a dam, and refrigeration facilities for meat. The Foreign Minister said that he is deeply worried about the effect in Uruguay of a Harkin Amendment negative vote, not just in economic terms but more importantly in terms of political impact. The Foreign Minister was told we would look into these loans immediately but there may be no problem if it is possible to show that they benefit the needy. It was explained that basically the problem loans are those which provide credit for industrial development and for export credits, i.e. where the use of the money is very general. Shlaudeman noted in this connection that during the next several months when we have this problem facing us, it is very important that the loans be structured so that the benefits to the needy are clear.

364. Telegram 292202 From the Department of State to the Embassy in Uruguay¹

Washington, December 1, 1976, 0155Z.

292202. Subject: Threat Against Congressman Koch.

1. Congressman Edward Koch wrote to Attorney General Levi on October 19 informing him of a threat to "get" Koch which a Uruguayan military official reportedly made [*less than 1 line not declassified*] in Montevideo. According to Koch's letter, this threat was reported to [*less than 1 line not declassified*] which in turn notified the Department of Justice. The Department of Justice, the letter continues [*less than 1 line not declassified*] to inform Koch of the threat and FBI agent, Richard T. Taylor, Jr., did so by phone on October 1.

2. Quoting from the letter, which is being separately pouched, the threat was described as follows: "He (Taylor) advised me that in July of 1976 a conversation took place between a Uruguayan military official [*less than 1 line not declassified*] in Montevideo, in which the Uruguayan military person said, in a conversation relating to my legislative efforts in the House of Representatives to end all military aid to Uruguay: 'maybe we would have to send someone to the U.S. to get Congressman Koch.'"

3. Koch's letter asked what he and his staff should do in view of the threat, and whether FBI protection was in order. He further asked whether the Uruguayan Government should be advised that it would be held responsible in the event of an assault upon him or his staff. Attorney General Levi forwarded Congressman Koch's letter to the Department and asked that we reply to this latter question.

4. Congressman Koch is clearly concerned. The Embassy is requested to assess the seriousness of this threat. In this regard it would be helpful to know the identity and position of the military official quoted. In addition the Embassy's recommendation is requested concerning the manner in which this incident may best be brought to the attention of the GOU, if such action appears warranted.

Robinson

¹ Summary: The Department informed the Embassy that an Uruguayan military official had made a threat against Congressman Koch in July 1976, and asked for the Embassy's recommendations regarding the threat.

Source: Department of State, INR/IL Historical Files, Roger Channel, Montevideo 1962-79. Confidential; Roger Channel. Drafted by R. C. Graham of ARA/ECA; cleared in ARA and S/S; and approved in INR. Koch's letter to Attorney General Levi and Levi's letter to Secretary of State Kissinger are in National Archives, RG 59, Central Foreign Policy File, P840121-2166.

365. Telegram 4652 From the Embassy in Uruguay to the Department of State¹

Montevideo, December 2, 1976, 2010Z.

4652. Subj: Threat Against Congressman Koch. Ref: State 292202.

1. Prior to receiving reftel, I had never heard anything whatsoever about a threat against Congressman Koch [2 lines not declassified] it turns out that a remark as described in reftel was made some months ago by Uruguayan Army Col. Jose A. Fons, [1 line not declassified] The matter is further complicated by [less than 1 line not declassified] The name of Army Major Jose Nino Gavazzo Pereira, also of the army intelligence unit, SID (Defense Intelligence Service) to aid in judgment of this matter there follows my chronological summary [less than 1 line not declassified]

2. The story begins with [1½ lines not declassified] dated July 23. He mentioned that [less than 1 line not declassified] Col. Fons, had once said “after a couple of drinks” when they were discussing the Uruguayan military’s “extreme irritation” with Congressman Koch, that “maybe Uruguay would have to send someone to the United States to ‘get him’.” [less than 1 line not declassified] he felt at the time that Fons “was just talking out loud”; but he added that should the Koch amendment be approved, “the inclusion of Koch on the Condor target list might seriously be considered by Condor members.”

3. On 2 October [1½ lines not declassified] noted that he believed Fons’ earlier remark “should be taken less seriously than when originally reported.” His reasons were that aggressive action would require concurrence of higher-ups who, although feeling Koch and the Congress had acted unjustly toward Uruguay, “had no intention of modifying traditional ties and dependency on the United States.” He also felt that

¹ Summary: Ambassador Siracusa summarized the Embassy’s information regarding the threat against Congressman Koch, noting that this was the first time he had been informed of it. He recommended against a dé;marche to the GOU on the subject, but proposed that the USG should oppose the appointments to positions in Washington of two Uruguayan military officials linked to the threat.

Source: Department of State, INR/IL Historical Files, Roger Channel, Montevideo 1962–79. Secret; Roger Channel; Stadis; Eyes Only. An attached note indicated that this cable was distributed to DDC, S/S, P, ARA, and INR on December 4. The telegram was forwarded to Habib under a covering memorandum from Shlaudeman on December 13, discussing the threat and the potential appointments of Fons and Gavazzo. (Department of State, RG 59, Central Foreign Policy File, P84121–2164) In a December 29 memorandum to Saunders, DeTarr summarized the case and gave the date of the threat against Koch as June [text not declassified]. (Department of State, INR/IL Historical Files, Africa, Latin America, Inter-Agency Intelligence Committees, Uruguay 1973–80) Telegram 292202 to the Embassy in Uruguay is Document 364.

in the aftermath of the Letelier assassination Uruguayans would take no such risk with their image. [1½ lines not declassified] His view that in the event Uruguay were to decide to go ahead with such a thing, they would entrust the operation “to only one person, Major Gavazzo”; and their *modus operandi*, he said, would be to send him into the United States for a few months to develop the “operational plan.” He offered to report immediately should his evaluation change.

4. [less than 1 line not declassified] dated 4 November, [less than 1 line not declassified] both Fons and Maj. Gavazzo had been assigned to the US, the former to the inter-American Defense Board to arrive in early January of 1977, and the latter as assistant military attaché; to arrive in March of 1977. He offered the view that the assignments appear “to uncoincidental and neither will have a Condor Mission.”

5. On 19 November [less than 1 line not declassified] “long discussions” with Fons about his assignment and the latter’s avowal that his superiors, Generals Prantl and Vadora, have never seriously contemplated any operations in the United States as it “was too risky and highly counterproductive.” He said Fons’ assignment was to give a plum to a Senior Colonel not likely to make General and Gavazzo’s was to “get him out of the day-to-day fight with terrorists because he had been burned and is known to terrorists.” [less than 1 line not declassified] Both were aware that their respective assignments could be misunderstood [less than 1 line not declassified] Fons has taken great pains to explain [less than 1 line not declassified] their two assignments were a coincidence. He said that neither Fons or Gavazzo “is being assigned to Washington with a Condor Mission.” [less than 1 line not declassified] that in the US climate, following the Presidential election, the GOU “has no intention whatsoever of making any comments or taking any action that would irritate US authorities.

6. [less than 1 line not declassified], dated December 1, [2 lines not declassified] expresses the opinion that after his “exhaustive discussions with Fons, [less than 1 line not declassified] that “Fons earlier statement re Koch should not be taken seriously today.” He notes that this was made after a few drinks and was never repeated. [3½ lines not declassified] both recognize that since subject has been raised [less than 1 line not declassified] and exhaustively discussed. They would be suspect should anything happen. Can only repeat that [less than 1 line not declassified] neither has Condor Mission”.

7. I have also learned from the AIRA of his recent discussions with Fons of the latter’s prospective assignment to the US, and of Fons’ expressed concern that his and Gavazzo’s assignments, which he took pains to say were “conicidental”, might be misunderstood. Fons also told AIRA that he was concerned for his own safety in the US and had asked superiors whether he could request FBI protection. He was told, he said,

that he could not request it but could accept it “if offered.” AIRA and others who know Fons characterized him as a loose talker. Many here recall that he was nearly court martialed a couple of years ago for creating an incident at a diplomatic reception by making wild, communist charges against persons in the GOU.

8. Evaluation: After careful reflection I accept [*less than 1 line not declassified*] that Col. Fons’ remark, as such, should be considered, in the context in which it was made, not to constitute, in itself, a real threat to Cong. Koch. I also agree that even had there been any semblance of seriousness at the time, the probability of any aggressive action has been rendered virtually zero by subsequent discussion [*less than 1 line not declassified*] which would surely lead directly to blame of Fons, Gavazzo and GOU should anything whatsoever happen to Cong. Koch. It is also probable [*less than 1 line not declassified*], that the assignments of both Fons and Gavazzo to the US are coincidental, having nothing to do with any threat to Cong. Koch or anyone else; reflecting, rather, service needs and motives [*less than 1 line not declassified*]. On the other hand, since coincidentally or not, the assignments precisely carry out [*less than 1 line not declassified*] what would happen and who would be involved if an attempt were contemplated, I do not, repeat do not, see how we can in conscience allow the assignments to be realized, minimal or even non-existent as the threat may be. There is a further consideration that the AIRA, while believing Fons to be unoffensive, considers Gavazzo to be a dangerous type.

9. Conclusion and Recommendation: My conclusion (re para. 3 of reftel) is that we have no basis to notify the GOU that it would be held responsible for anything that might happen to Cong. Koch. A remark made after drinks some months ago by a known loose talker is just not adequate basis for serious overture which would be offensive to the extreme to the GOU; and, to base such an overture solely on the fact that Koch was a sponsor of an amendment against Uruguay would appear gratuitously to impugn the integrity of the GOU itself. As for the manner of blocking the assignments of Fons and Gavazzo, I propose that this be done by the Department’s advising Ambassador Perez Caldez that neither assignment would be welcome. I further suggest that this be done with minimum explanation. One possibility, drawing on Fons’ own expressed fears, could be that the notorious relations of both officers to SID and to the Uruguayan anti-terrorist campaign could make them targets for incidents which we would prefer not to have happen in the US. It might also be noted that the USG, having heard of Fons concerns, and as it would not be able to provide protection, would prefer to avoid any potential risk. Such a course of action, I believe, would be effective and would have minimum potential for damaging overall relations. There might well be [*less than 1 line not declassified*] and even the possibility of

some degree of retaliation. I believe we must accept this, however, unless we are prepared to ignore the whole thing which I do not repeat not recommend.

10. I wish to end this message by stating that I am appalled that there could have been an exchange of communications reporting and judging a subject so potentially explosive and even tragic, concerning a threat against an American Congressman, the integrity of this mission, and the relations between the US and Uruguay, without the Ambassador even being aware of it until receipt of the referenced message. I intend to take this up in further and separate communication. Since I note that Cong. Koch was briefed on this matter by an FBI on October 1, some days before I saw him, [*less than 1 line not declassified*] I sincerely request that the Department make known to him that I was totally unaware that such an even off-hand remark had been made when I met with him. This is particularly important since when he asked if it would be safe for him to come to Uruguay, I rather lightly remarked that he would be as safe as I always am. A [illegible] would probably travel around together.

Siracusa

366. Memorandum for the Record¹

Washington, December 10, 1976.

SUBJECT

ARA/CIA Weekly Meeting, 10 December 1976

PARTICIPANTS

ARA—Assistant Secretary Harry W. Shlaudeman,
Mr. Joseph Grunwald; CIA—Mr. [*name not declassified*],
Mr. [*name not declassified*]; INR/DDC—Francis De Tarr

Uruguay: Threat Against Congressman Koch

Most of the meeting was devoted to a discussion of the threat made by a Uruguayan security official last July [*less than 1 line not declassified*] in Montevideo against the life of Congressman Koch (reported in State

¹ Summary: Participants in the ARA/CIA weekly meeting discussed the threat against Congressman Koch and whether or not to make a *démarche* to the GOU.

Source: Department of State, INR/IL Historical Files, Africa, Latin America, Inter-Agency Intelligence Committees, ARA-CIA Weekly Meetings 1976-77. Secret; Sensitive.

292202 dated December 1 and described in detail in Montevideo 4652 dated December 2; [*less than 1 line not declassified*] concerning the threat on July 23, Congressman Koch wrote to Attorney General Levi on October 19 after having been contacted by an FBI agent, and Attorney General Levi wrote to the Secretary on November 5; with Mr. Luers concurrence, we sent Mr. [*name not declassified*] copies of these letters as well as State 292202 and Montevideo 4652 earlier in the week.)

Assistant Secretary Shlaudeman said that we are now faced with an operational problem. The Attorney General had referred Congressman Koch's letter of October 19 to the Department.

Mr. [*name not declassified*] said that the FBI had briefed Congressman Koch. [*3½ lines not declassified*] In the meeting with Koch, they had tried to put the matter into perspective. [*2½ lines not declassified*].

Assistant Secretary Shlaudeman said that the question remains as to whether we say anything to the Uruguayan Government. If we do, we run a risk as far as the source is concerned. [*1½ lines not declassified*].

[*3 lines not declassified*] Congressman Koch seemed to accept this line of reasoning.

Assistant Secretary Shlaudeman said that they could not be certain on this point. It was ambiguous, and this is the major question.

Mr. [*name not declassified*] said he saw no reason to believe that Congressman Koch has changed his position since the meeting on October 26. They have heard nothing further from him. He seems to be satisfied. The matter seems to have been laid to rest.

Assistant Secretary Shlaudeman suggested that the same people talk to Congressman Koch again and ask him whether he is satisfied or whether he wants to have a démarche made.

[*3 lines not declassified*] They had gone into the matter. The threat is not a serious one. So why make a démarche?

Mr. [*name not declassified*] said that he felt that a personal meeting was indicated, not a letter. Reference should be made to the meeting on October 26, and Congressman Koch could be told that no new information has been developed since that time. He would then expect to get something in writing. One of the Department's legislative liaison people should be involved. [*1½ lines not declassified*]

Assistant Secretary Shlaudeman asked what Mr. [*name not declassified*] would recommend if Congressman Koch still wanted to have a démarche made. Mr. [*name not declassified*] said that in his view there is no reason to think he would. He is a rational man.

Assistant Secretary Shlaudeman asked Mr. [*name not declassified*] how much he thought Congressman Koch should be told. Mr. [*name not declassified*] said that he thought Congressman Koch should be told everything we know, except for information about the source. The

objective is to put the matter in its proper perspective, to try to lay it to rest. [1½ lines not declassified] Ambassador Siracusa's telegram contains the information needed to put it into perspective, that is, to show it is not sufficiently serious to make a *démarche*. We have no reason to make a *démarche*.

Assistant Secretary Shlaudeman said we would see, adding that he would go see Congressman Koch or call him.

Assistant Secretary Shlaudeman then asked what Mr. [name not declassified] thought should be done about the two Uruguayans who want to come to the United States. Mr. [name not declassified] said: it is up to you all to decide if you do not want to take even a minimum chance. As managers we may come out this way. Basically, it is a decision for the Department. [2½ lines not declassified]

[3 lines not declassified]

In conclusion, Assistant Secretary Shlaudeman said that we would let Mr. [name not declassified] know how we come out on the matter.

[Omitted here is discussion of Embassy personnel and Cuba.]

367. Telegram 4755 From the Embassy in Uruguay to the Department of State¹

Montevideo, December 10, 1976, 1910Z.

4755. Subj: Condor Operations. Ref: Montevideo 4652.

1. You will recall that in reftel, [1 line not declassified] there are various statements that officers mentioned had no "Condor Mission" in the US and [less than 1 line not declassified] conviction that there was no such mission. When I prepared that message and gave my own evaluation, I was under the impression that the Condor Organization had determined sometime ago not to engage in "operations" for the time being, even

¹ Summary: Siracusa, noting that he now had reason to believe that the Condor countries continued to direct assassination operations in foreign countries, reiterated that the appointments of Col. Fons and Maj. Gavazzo to positions in Washington should be blocked. He ruminated on the broader responsibility of the USG regarding knowledge of assassination plots and requested further information on "what the Washington intelligence community thinks of Condor."

Source: Department of State, INR-IL Historical Files, Roger Channel, Montevideo 1962-79. Secret; Roger Channel; Eyes Only. A handwritten notation indicates that this cable was distributed to ARA, P, S/S and OD. Telegram 4652 from the Embassy in Uruguay is Document 365.

though it would go ahead and fulfill its mission of intelligence and security coordination and cooperation among its various members. [*less than 1 line not declassified*] now makes clear that this is not the case and I believe you should read this communication if it has not yet been brought to your attention. It reports the failure of a joint Uruguayan–Argentine effort to “operate against” three Uruguayan “terrorists” in Paris. One of the three, the only one whose name is mentioned, is an OPR–33 member, Hugo Andres Cores Perez. The mission is said to have failed because of Cores’ sudden disappearance, one day before the team had located his residence in Paris.

2. This information, it seems to me, reenforces my recommendation in para. 9 of reftel that the assignments of Col. Fons and of Maj. Gavazzo to Washington be blocked. It also should alert us to the concern that if Condor is real [*less than 1 line not declassified*] and even if it has no present intention of “operating” in the US, there is no guarantee that this would always be the case. Moreover, it seems to me to raise the important moral question of whether we, being privy to a plan to undertake an assassination attempt, are not thereby in some sense tainted by this knowledge and become at least passive collaborators. Only last night I read a news account from Spain accusing the CIA of shared responsibility for the murder of the Spanish Premier a couple of years ago on the grounds that it knew of the plot and did not warn him. I do not know who Cores is except that he is another human being, but what if the name mentioned was Wilson Ferreira or someone else in whom there may be a broader sympathetic interest? Would this change our attitude? And since we do not know the names of the other two, it could be that he could be one of them, even though [*less than 1 line not declassified*] Ferreira was removed from the Condor target list. But the source of the information of his “removal” is the same Col. Fons, who as I have reported, is said to be a loose talker and who has also said to others here that Wilson Ferreira is a dead man in any case. His reasoning, I am told, is that other enemies will get him so Condor does not have to do it.

3. I appreciate the great difficulty of the kinds of problems posed here, as to the line of delineation between moral obligation [*less than 1 line not declassified*] I do not know exactly where it should be drawn but confess that I am bothered by being the possessor of such information. I am also concerned that our regular official liaison on this subject here (and I assume at other nearby embassies as well) raises the question whether we become passive collaborators if we seek and obtain such information yet stand silent as “operations” are carried out. I am also mindful of the fact that recent publicity of alleged CIA assassination plots has brought forth clear executive and congressional direction that this shall not again occur. How does the problem I pose here relate to

such directives? Is the Condor intelligence operations here consistent with them?

4. Perhaps it would help to know, if possible, what the Washington intelligence community thinks of Condor. I have often been struck by a somewhat unreal feeling about it all, perhaps now reinforced by knowledge of the source of our information and his peculiar characteristics. I wonder whether reporting from other countries tends to corroborate the reality of Condor as an "operative" organization in addition to its security-intelligence coordination missions.

5. In para. 10 of reftel I expressed my concern that the exchanges, [less than 1 line not declassified] regarding the possible threat against Congressman Koch could have gone on so long without ever having been brought to my attention. Recently, at his request, we provided Frank Ortiz for use in S/S with a reference to a standing instruction, still valid, which apparently had been lost sight of in the Department but which gives the Chief of Mission or his designated assistant the right to see "all available information [less than 1 line not declassified] which the principal officer indicates is of interest to him." Based on this authority, [less than 1 line not declassified] I intend from here on to see to it that the DCM reviews on a bi-weekly basis everything covered by this instruction to me. I had thought [less than 1 line not declassified] was providing me with everything but he obviously was not. Perhaps you might consider whether this [less than 1 line not declassified] should be brought to the attention of other Chiefs of Mission who may not be aware of it, as I was not.

Siracusa

368. Telegram 306332 From the Department of State to the Embassy in Uruguay¹

Washington, December 18, 1976, 0009Z.

306332. Subject: Condor. Ref: (A) Montevideo 4652, (B) Montevideo 4755.

1. I plan to inform Ambassador Perez Caldas on December 20 that Fons and Gavazzo would not repeat not be welcome in Washington because their coming could lead to unfavorable publicity damaging to the relations between the two countries. It should be sufficient for the purpose to note the intense congressional and media interest in the purported presence here of intelligence operatives from countries under attack on the human rights front. You will wish to follow the same line and to assure that visas are not issued to Fons and Gavazzo.

2. I have now learned that [*less than 1 line not declassified*] discussed the Fons threat with Congressman Koch. [*less than 1 line not declassified*] believes he is satisfied that a démarche to the Uruguayan Government would only compromise a valuable source. I plan to discuss the matter with Koch when he returns to Washington next month.

3. I share the doubts and perplexity you express in Ref (B) with respect to the situation we find ourselves in. But in the absence of a démarche to the GOU—which I understand you oppose—what would you suggest? We will address the questions you raise about the [*less than 1 line not declassified*] and the reassessment of Condor in a separate message.

Kissinger

¹ Summary: Shlaudeman wrote that he would tell Perez Caldas that the appointments of Fons and Gavazzo to positions in Washington were not satisfactory due to the potential for “unfavorable publicity” if their appointments became public.

Source: National Archives, RG 59, Defense Attaché Files 1960–81, Lot 94D501, Uruguay. Secret; Priority; Roger Channel. Drafted by Shlaudeman and approved in INR. In telegram 307586 to Montevideo, December 20, Shlaudeman described his meeting with Perez Caldas and noted that the ambassador appeared to be “sympathetic to the request.” (Department of State, INR–IL Files, Vol. 17: Roger Channel, Montevideo 1962–79) In telegram 4888 from Montevideo, December 21, Siracusa agreed to use the same line of reasoning if the GOU approached him on the matter. (Ibid.) In telegram 4936 from Montevideo, December 23, Siracusa reported to Shlaudeman on his meeting with Defense Minister Ravenna, who “said he would inform the president promptly of what had been told to him.” (Ibid.) Telegrams 4652 and 4755 from the Embassy in Uruguay are published as Documents 365 and 367, respectively.

369. Action Memorandum From the Assistant Secretary of Inter-American Affairs (Shlaudeman) to the Undersecretary of State for Political Affairs (Habib)¹

Washington, December 31, 1976.

Uruguayan Intelligence Personnel to the US

On December 17 you authorized me to inform the Uruguayan Ambassador that the assignments of Col. Fons to the Inter-American Defense Board and Maj. Gavazzo as Assistant Military Attaché here would not be welcome. I did so, and the Uruguayan Ambassador indicated his understanding of our position.

The démarche, however, has precipitated something of a dust-up in Montevideo. The essence of it is well described in the attached [3 lines not declassified] Our Ambassador, who originally favored the position I conveyed to the Uruguayans, has now reconsidered his views and appears to believe that we should reverse course to permit Fons, at least, to take up his assignment at the IADB. His most recent views are at Tab 2.

I continue to believe that if we allowed either individual—and particularly Fons, who is both involved in CONDOR and uttered the original threat against Congressman Koch—to come to Washington, we would be buying trouble. The fact that the Director of the Uruguayan Defense Intelligence Service felt it necessary to go out of his way [less than 1 line not declassified] “that there were no other motives for these assignments” and that neither officer “would have (any) mission other than those officially and legitimately connected with their jobs while assigned to the US” gives me some pause.

The cost of denying visas to the two individuals could be an increase in the security risks to American personnel in Montevideo. [3 lines not declassified] and that the Uruguayans will continue doing (as presumably they have in the past) whatever they think to be in their national interest in their relationships [2 lines not declassified] as comparable in benefit to the costs which could be incurred should it become known that we had deliberately allowed Fons, in particular, to take up residence here.

¹ Summary: Shlaudeman reported on the results of the démarche to the GOU regarding the appointments of Fons and Gavazzo to positions in Washington.

Source: Department of State, INR-IL Historical Files, Africa, Latin America, Inter-Agency Intelligence Committees, Uruguay 1973–1980. Secret; Nodis. Drafted by C. W. Bray of ARA on December 30. The memorandum was copied to INR. Tabs 1 and 2 are attached but not published. There is no indication of approval or disapproval of the recommendation.

Since the IADB is an international organization, the only grounds on which we could refuse a visa to Fons is Section 212(A) (27) of the Immigration and Nationality Act, i.e., “Aliens who the consular officer or the Attorney General knows or has reasons to believe seek to enter the United States solely, principally, or incidentally to engage in activities which would be prejudicial to the public interest, or endanger the welfare, safety, or security of the United States.”

I do believe the presence of either individual in the U.S. would be prejudicial to the public interest. On the other hand, I would send rather precise instructions to our Ambassador simply to convey our desire not to have these two individuals in the United States without referring to the law.

[1 paragraph (2 lines) not declassified]

Recommendation:

That you reaffirm our original decision to deny entry to Fons and Gavasso.

Approve _____ Disapprove _____

Venezuela

370. Ambassador's Overview, Country Analysis and Strategy Paper¹

Caracas, undated.

Venezuela is important to the United States as the source of 40% of U.S. oil imports; as the third largest market for U.S. exports in Latin America and the 11th largest in the world; as a host for almost \$3 billion in U.S. private investment; as a major supplier of iron ore; and as the locale of the most economic large resource of unexploited petroleum in the Hemisphere.

In the petroleum field there has been some easing of tensions since the early 1971 period when an atmosphere of confrontation existed between the Venezuelan Government and the oil companies over greatly increased taxes and tough new controls designed to force the companies to maintain high levels of production, exports and investment. Tension had also resulted from Government charges that lower levels of output were designed to punish Venezuela for its nationalistic oil policies. Negotiations on trade and petroleum matters authorized by President Nixon have done much to ease these tensions. The more important elements of the U.S.-Venezuela Trade Agreement which Venezuela denounced New Year's Day 1972 have been preserved by an exchange of Notes. Hopefully after the elections December 9, 1973, an energy agreement can be concluded between the two governments under which development of the Orinoco Petroleum Belt oil resources can be carried out. However, the potential for conflict arising from Venezuela's desire to increase its control over, and income from, its natural resources, while less serious than last year, still exists.

Venezuelan entry into the Andean Pact could threaten existing and future U.S. investment and disrupt normal patterns of imports of particular commodities. The new ad valorem tariff schedule, which will require repeated changes to correct deficiencies and to track with arrangements with the Pact, is another imponderable for future U.S./Venezuelan trade and investment, as are Venezuela's interpretation

¹ Summary: The Ambassador's overview of U.S. interests in Venezuela focused on trade, in particular petroleum. In addition, the Ambassador noted that Venezuela's foreign policy would become more oriented towards Latin America and Europe, and less towards the United States.

Source: National Archives, RG 59, Central Files, 1970-1973, POL 1 VEN-US. Secret. Drafted by Cox on March 14; cleared by Luers, McClintock, and the CT; approved by Devine. Sent as an enclosure to Airgram A-143 from Caracas, March 18, 1973.

of Pact Decision 24, domestic legislation on foreign investment, and growing competition from Japan and Europe. Yet there are still substantial opportunities for investment in and trade with Venezuela in the next five years. On balance of payments account, much of U.S. dollar outgo for purchase of Venezuelan oil is compensated by U.S. profit remittances and almost a billion dollars of annual U.S. exports to Venezuela.

Politically the December 1973 elections will almost certainly proceed normally and either COPEI or *Acción Democrática* will win. Neither, however, will gain a majority and whoever wins will have to govern on the sufferance of the other. Nationalism will remain an irritant to relations between the two countries, but it should not be any more of a problem in the near term than it has to date, no matter which party wins. In the long term Venezuela is facing social and economic pressures which, in the next five years, could juxtapose severe societal strains with an economic downturn. If this occurs there is a possibility of drastic changes in the domestic picture, with concomitant effects on relations between our two countries. Aside from the uncertainty this entails, such a threat to the democratic system here would be of concern; as one of the few working democracies in South America, Venezuela in its attempt to operate a stable, free government merits our sympathy and support.

Venezuela's fast-evolving foreign policy of unity and integration with the countries of South America, her loosening of the formerly extremely close ties with the United States, her interest in Europe, and her desire for leadership in the Caribbean will probably continue whoever wins the election; the "Betancourt Doctrine" is probably gone for good. Venezuela's moderate Law of the Sea positions and her apparently successful attempt to gain the adherence of both the "Santo Domingo Group" and the respectful attention of the "Montevideo Group" will in the long run be of benefit to the U.S. Venezuela may become the bridge between the 12-mile countries and the 200-mile group. The Venezuelan Government is still a strong supporter of the UN and OAS. It has attempted to seek a lifting of OAS sanctions against Cuba. Such steps will probably be accompanied by a process of reestablishment of trade relations, probably involving petroleum, with formal diplomatic relations likely, no matter which party wins. We do not foresee a settlement of the highly complex continental shelf boundary dispute with Colombia until after the 1974 Colombian elections. Tensions between the two countries over this problem will continue until some interim or long-term agreement is reached. Continental shelf negotiations with the Netherlands Antilles will begin after the elections but will probably go nowhere until a settlement with Colombia is reached. The dispute with Guyana will remain quiescent. A major

discovery of petroleum by this country or others in disputed territory could, of course, drastically change this generally optimistic picture.

As in the past, the economic relationships of the two countries will in the future be of paramount importance, as the United States confronts a growing need for energy and as the psychology of nationalism and a seller's market in petroleum put increased pressures on the large American investment portfolio in this country. It will be necessary for the United States, keeping these three factors firmly in mind, to avoid being overly sensitive to nationalist rhetoric which in months and years to come will continue to be used by Venezuelans to demonstrate their credentials for leadership in this continent. We should concentrate on enhancing and increasing the surprisingly large deposit of friendship and respect for the U.S. which still exists in Venezuela.

Robert McClintock

371. Telegram 58100 From the Department of State to the Embassy in Venezuela¹

Washington, March 29, 1973, 2020Z.

58100. Subject: Ambassador Aguilar's Call on Acting Assistant Secretary Crimmins: President Caldera's Statements During LA Tour. Refs: State 35197, Caracas 2422.

1. At his request, Ambassador Aguilar called on Acting Assistant Secretary Crimmins at the Department, Saturday, March 24. Acting Deputy Assistant Secretary Little and Venezuelan Desk Officer Forrester were also present.

2. Aguilar opened by asking if Mr. Crimmins knew the reason for the call. Mr. Crimmins answered no and admitted his considerable curiosity. Aguilar explained that he had been recalled March 16 for

¹ Summary: Crimmins and Aguilar discussed anti-Americanism in Venezuela and United States-Venezuelan relations.

Source: National Archives, RG 59, Central Foreign Policy File, [no film number]. Confidential; Limdis. Drafted by Forrester; cleared by Edward Little and Stockman; approved by Crimmins. According to a memorandum of an April 5 conversation between Calvani and Rogers in Washington, the Venezuelan Foreign Minister expressed surprise at U.S. inquiries about changes in Venezuelan policy towards the United States, as reflected in some of Caldera's speeches. Rogers replied that the U.S. Government had simply asked for a clarification of Venezuelan policy, just as it was frequently asked for clarifications of its own policy. (Ibid., Central Files, 1970-1973, POL VEN-US)

consultations with FonMin Calvani. According to Aguilar, Calvani expressed puzzlement with questions Ambassador McClintock asked him during their March 8 meeting regarding a possible shift in Venezuelan policy towards U.S., its attitude toward Cuba and anti-Americanism in Venezuela. Aguilar observed that Ambassador McClintock had travelled unmolested throughout Venezuela; sizeable U.S. investment was flourishing; GOV had launched major effort to attract U.S. tourists; Venezuela's qte masses unqte are not anti-American; and none of major political parties has introduced U.S. as issue in election campaign.

3. Aguilar contended friendship must be measured in deeds, not words, mentioning seeming U.S. proclivity toward paying more attention to our enemies than to our friends. As example Aguilar referred to minimum press coverage Caldera's state visit received in U.S. versus coverage like visit by Chile's President Allende would probably receive.

4. Aguilar concluded saying Venezuela is one of few remaining LA democracies and that special U.S.-Venezuela relations are historic, thus Ambassador McClintock's query re a changing Venezuelan policy towards U.S. seems inexplicable and without basis. Aguilar also asked whether Ambassador had acted with knowledge or instructions from Department.

5. Mr. Crimmins responded that Ambassador McClintock had called on FonMin Calvani at the behest of and with authorization of Department. He cited as major factors prompting query about the significance to GOV position of reported Caldera statements: the long history of close U.S.-Venezuelan relations, the fact that Venezuela is indeed one of few LA democracies and a key country in the area; Venezuela's leading role in the hemisphere; and President Caldera's stature as a person and statesman. Because of these factors, Mr. Crimmins continued, the Department attaches special significance to what President Caldera says and what the President says can have special weight in the hemisphere. Placing inquiry to Calvani in broad context, Mr. Crimmins noted growing trend in hemispheric relations for strident rhetoric and sterile confrontation. Fact is that Caldera's statements, as reported in Brazilian publication qte Manchete unqte, gave these pronouncements hemispheric impact and could have indicated that GOV was associating itself with negative chorus.

6. Mr. Crimmins said that Calvani's response and Aguilar's own comments fully satisfied the Department's query, and he stressed that our questions were not based on any a priori political judgment. We had, through the inquiry, sought reassurance about GOV's attitude, and it had been given.

7. Aguilar, although indicating he was not fully convinced, thanked Mr. Crimmins for this explanation and said he would relay his response to Caracas. Concluding, Mr. Crimmins suggested that FonMin Calvani,

if he considered further discussion useful, might wish to pursue the matter further with Secretary Rogers during the OASGA meeting next month. Aguilar said he would pass this suggestion to Calvani.

8. Finally, Aguilar noted that his approach to the department was extremely confidential, had not been discussed with other GOV officials, and that FinMin Oberto, then in Washington, did not know why Aguilar had been recalled for consultation.

Rogers

372. Telegram 4042 From the Embassy in Colombia to the Department of State¹

Caracas, May 17, 1973, 1951Z.

4042. Subj: Secy's Economic Discussion with Secvisit LA: Venezuela.

1. Secy Rogers and Principals met with Foreign Min and other Cabinet Level Officials GOV May 15 for hour and half to discuss economic issues. Summary of discussions fols:

2. Calvani welcomed Secy's arrival May 14 statement that era of paternalism past and that US seeking new equality in trade and economic policy. Calvani said world tomorrow must be based on equality and fol fundamentals: (1) Democracy; (2) International social justice meaning developed countries obligations increase in proportion to their capacity, and (3) Democratic nationalism. As example democratic nationalism he pointed to Venezuelan policy to defend natural resources of which there has been lack of US understanding at times. Venezuela building new guidelines for foreign trade which not only include oil but also replacement of substitution of imports by promotion of exports designed for world market.

2. Secy Rogers said purpose of visit was to have frank exchange of views and while some problems exist there is a fundamental mutual-

¹ Summary: Secretary Rogers and Venezuelan officials discussed economic issues in United States-Venezuelan relations.

Source: National Archives, RG 59, Central Files, 1970-1973, ORG 7 S. Confidential; Immediate. Repeated to Caracas. The Secretary's May 14 statement upon arrival in Caracas is in the Department of State *Bulletin*, June 25, 1973, p. 906. Rogers was in Bogotá during a May 12-28 tour of Latin America that took him to Mexico, Nicaragua, Venezuela, Peru, Colombia, Brazil, Argentina, the Netherlands Antilles, and Jamaica.

ity of interests. US forced to concentrate on matters of security over last several years but now has improvement relations with Sov Union and China and diminishing problems other areas. US now able to focus on Latin America. Secy emphasized US policy is to deal with each nation as sovereign and independent without raising unrealistic aspirations. US supports multilateral development within context OAS and regional development such as Andean Pact. US now in a position to be more cooperative with Latin America and particularly wants Venezuelan views so that they might be reflected in US policy.

3. Whereas Venezuela was expecting specific points of new US policy Calvani said Secy provided rather general framework of US policy. He referred to ominous silence which followed consensus of Vina Del Mar Conference in 69 and indicated hope US would adopt specific policies for each country from which a general policy would develop. Secy said US seeking restructuring of OAS based on general principles without demagoguery. However it should be noted US people feel that US has been ample with its resources toward the less developed countries. US has difficulty with concept of legal obligations to help LDCs. Perhaps US aid not always implemented correctly but this not due to lack of good will. Our effort now to approach problems with Latin America should be based on mature partnership where problems do not impair relations. With specific regard to Venezuela, US needs its secure source of oil for which we provided a good market for Venezuela.

4. Diaz Bruzual, Director of Institute of Foreign Trade, indicated concern with US trade bill and its emphasis on unfair competition. US restrictions against export subsidies could help Venezuelans as well as restriction on exports containing imported technology. Venezuelans export industry cannot compete on same basis with DC's and needs element of protection. At present Venezuela has two draft bills providing for export subsidies. Secy Rogers said US trade bill has worldwide application with emphasis on DC trade practices. It merely provides US with same authority that other DC's already have. Trade bill not intended to apply to LDC's and in fact will be helpful to LDC's.

5. Bruzual said provision that prevents application of generalized preferences to countries applying reverse preference could result in vertical trade integration, that is, trade blocs. Referring to ministerial level meeting in Tokyo next Sept Bruzual said concentration on tariffs alone of little help to LDC's and stressed that trade negotiations should include non tariff barriers as well as other issues of interest to LDC's.

6. Undersecy Casey stressed that GATT Meetings include NTB's as well as tariffs but it difficult to extend scope of meetings to other issues. However, there can be parallel meetings within OECD and IMF. Secy Rogers emphasized need to take into account Latin America position within GATT consultations.

7. Dr Perez La Salvia, Min of Mines and hydrocarbons, said Venezuelan oil has not enjoyed the same preference in the US as other western hemisphere countries. It is in U.S. interests to give preference to Venezuela in light of increased energy need. He expressed dissatisfaction with Shultz report. While Venezuela cannot hope to supply all U.S. import needs it hoped to participate in a percentage of U.S. preference. Venezuela has not completed study U.S. energy policy but noted token western hemisphere preference 50,000 B/D of No. 2 fuel oil eliminated. Stimulation of construction of refineries in U.S. will be detrimental to Venezuela in other countries since it will reduce Venezuelan access to U.S. market for refined products. Increase in price crude oils is adversely affecting Venezuelan oil production which now must face competition from other sources of heavy oil. Increased demand for oil by U.S. and other LDC's will provide bargaining leverage for LDC's to increase their share of world market for non/traditional exports. La Salvia lamented situation where DC's have rich markets for industrial production and LDC's can only share in poor markets. Oil exporters believe that oil can be used as instrument of negotiation with DC's to achieve more equitable distribution of oil in line with international social justice. Venezuela seeks more than mere participation in the share of oil profits but rather cooperation between the importing and exporting countries to obtain a more equitable share of industrial markets. Secretary Rogers responded that in recognition of LDC needs, U.S. has been supporting generalized preferences. The U.S. oil policy has generally been well received because the elimination of quotas enables everybody to export to the U.S. The U.S. recognizes the need for diversification of export to LDC's but objects to implications that U.S. owns the market. He said the people of the U.S. developed their market and did not inherit it from anybody. Secretary Rogers noted that the need for oil in the U.S. is great and that it must avoid overdependence on oil from the Middle East. This fact leads naturally to increased cooperation between Venezuela and the U.S. Secretary indicated such frank discussion with GOV has been extremely useful and is necessary element in enabling U.S. to formulate policy which will benefit its relations with Venezuela and Latin America.

Rogers

373. Telegram 106610 From the Department of State to the Embassy in Venezuela¹

Washington, June 4, 1973, 1556Z.

106610. Subject: Secvisit LA: Secretary Rogers Meeting with President Caldera of Venezuela

1. Secretary Rogers and President Caldera met on May 15 at Lasona (official residence of President Caldera) at 4:30 p.m. Other participants were:

US: Assistant Secretary Kubisch

Ambassador McClintock

Venezuela: Foreign Minister Calvani

Venezuelan Ambassador to Washington Aguilar

2. Caldera said he had been concerned at a recent representation by Ambassador McClintock suggesting that USG thought that at least in recent months Caldera had adopted an anti-American attitude. He said this certainly was not the case and affirmed his warm friendship for the United States.

President said that he had been surprised several years ago when his minister of education had made a speech in an interior village charging “foreign oil companies” with fomenting student disorders, that Ambassador McClintock had replied in another speech coming to the defense of “foreign oil companies” even without identifying them as American.

3. President Caldera went on with some emotion to state that over a period of half a century Venezuela had been pillaged by the foreign oil companies. He said, “they took out immense profits, many times over their investment, and left us with a pittance.” President Caldera then spoke of the nationalization of US-owned copper mines in Chile. He said this was clearly justified because companies had made huge and unreasonable profits. He seemed to be developing a thesis that expropriation without compensation is warranted simply on the grounds that foreign companies have been successful enough to amass considerable profits.

¹ Summary: Caldera and Rogers discussed anti-Americanism, economic relations, an energy agreement, the OASGA, and Cuba.

Source: National Archives, RG 59, Central Files, 1970–1973, ORG 7 S. Secret; Priority. Drafted by McClintock on May 27; cleared by Pedersen and Kubisch. Rogers’s May 15 luncheon speech in Caracas is published in the Department of State *Bulletin*, June 25, 1973, pp. 907–910.

The Secretary challenged this thesis and said that if the only criterion for expropriation without compensation was the success of the foreign company in acquiring profits, there would be no foreign investment anywhere in the underdeveloped countries.

Secretary repeated official US position on expropriation subject to the rule of international law that full and due compensation should be paid by the nationalizing government.

4. President Caldera repeated almost identically refrain of his foreign minister in Calvani's May 14 luncheon speech that LDC's are condemned to produce raw materials at low world market prices and are then forced by the highly industrialized countries to buy their manufactured products at exaggeratedly high prices.

5. After having delivered himself of these charges, the President readily agreed with the Secretary that a frank exchange of views was the best way in which to let off steam and to come to better understanding. He again reaffirmed his friendly feeling for the United States and said that when he went on his honeymoon 32 years ago, the nation he had chosen first to visit was the U.S., including a traditional honeymoon stop at Niagara Falls. Reaffirming once more his desire to maintain and strengthen friendly relations with the United States, President made additional point that in long history of US-Venezuelan relations, including those in the petroleum industry, Venezuela had never gone back on its word and had evenhandedly applied its laws.

6. Secretary briefly recapitulated statements made in his luncheon speech re conversations initiated last autumn which might eventually lead to an energy agreement with Venezuela, but stressed that we were not pressing for negotiations and that what Venezuela did with its famous tar belt was a Venezuelan responsibility. Secretary then handed President the letter dated May 11 from President Nixon. Caldera read it with great attention and said that the third paragraph was of paramount importance.

7. During the interview Secretary took opportunity to praise Dr. Calvani for his skillful diplomacy in presiding over the last OASGA. Calvani said that first meeting of study committee would take place in July and that two governments had offered their capitals as venue—Venezuela and Peru. He said, however, that if Peru insisted on being the host, Venezuela would gracefully withdraw.

8. During conversation Cuba was briefly mentioned, and President Caldera ticked off names of Latin American governments who had or were intending to recognize the Castro regime of which the latest government was that of Argentina. He strongly implied that this process of recognizing Castro's Cuba would continue at an accelerated rate and said repeatedly, "we must find a formula—we must find a formula." Secretary replied that since Castro himself had many times

stressed that he did not, repeat not, want to re-enter OAS, the question seemed really not to be a realistic one.

9. The meeting ended on a cordial note and President Caldera was visibly pleased that Secretary made an official presentation to the government of Venezuela of a dress uniform of the Venezuelan independence hero, General Paez, the centenary of whose death had been celebrated the previous week. This uniform had been contributed by the Smithsonian Institution, and President Caldera gladly autographed a book of portraits of President Paez dedicated to Secretary Dillon Ripley. The President ended the interview in high good humor and the entire meeting was perhaps best summed up in the words of FonMin Calvani in saying it had a “cathartic effect.”

374. Memorandum From the Assistant Secretary of State for Inter-American Affairs (Kubisch) to Acting Secretary of State Rush¹

Washington, December 13, 1973.

Venezuelan Election

On December 12, Lorenzo Fernandez, the COPEI candidate, conceded victory to the Democratic Action candidate, Carlos Andres Perez. Perez' electoral triumph by 350,000 votes, an 8% majority, was a landslide. (For background, see attached memo—Venezuelan Elections, Tab B.) Unlike Caldera's outgoing Social Christian (COPEI) Administration, Perez appears likely to enjoy a majority in Congress.

¹ Summary: Kubisch informed Rush that on December 12, COPEI candidate Fernandez conceded defeat to AD candidate Andrés Pérez in the Venezuelan presidential election. Kubsich discussed the significance of Pérez's electoral victory for United States-Venezuelan relations.

Source: National Archives, RG 59, Bureau of Inter-American Affairs, Office of North Coast Affairs, Records Relating to Venezuela, Lot 73D423, 1973 Presidential Elections, Political 14, Venezuela, 1973. Confidential. Drafted by Forrester. Tabs A and B were not attached. In telegram 8948 from Caracas, October 18, McClintock reported that the election would be close and that the United States could live with either the AD or the COPEI candidate. (Ibid., Central Foreign Policy File, [no film number]) In telegram 222224 to Caracas, November 10, the Department observed that it was in the U.S. interest “for December 9 to witness free, orderly, honest exercise in representative democracy followed by peaceful and constitutional turnover of power to whatever leaders people of Venezuela may freely elect to govern them during coming five years.” (Ibid.)

From the standpoint of major United States interests, Perez' election may be significant along the following lines:

Petroleum

Primary U.S. interest in Venezuela continues to focus on petroleum. (Venezuela supplies 30% of all U.S. petroleum imports.)

President-elect Perez stated during a recent press conference that:

—He would never impose an embargo as Venezuela's OPEC associates have done.

—Like it or not, the U.S. is Venezuela's main petroleum market.

—His government would "speed up implementation of the Reversion Law" by which foreign oil concessions begin to revert to the state in 1983.

In view of Venezuela's rapidly diminishing reserves (12–14 years at current production levels), Perez favors development of the Orinoco Tar Belt. While he recognizes that such development will require foreign investment and technology, Perez stated that the Tar Belt would be exploited according to Venezuela's interest; it will not be exploited to serve the needs of developed countries.

Energy Agreement

Perez stated on December 11 that "our oil policy will be a great instrument to break down trade barriers—it will be a Latin American weapon against the totalitarian trade policies of the industrialized nations against the developing countries." This suggests that in return for the "security" of Venezuelan oil supply to the U.S. market, the new government will endeavor to win from the U.S. assurances of unrestricted supplies of the foodstuffs, raw materials and commodities needed for Venezuela's industrial development. Perez will also seek preferential access to the U.S. market for non-traditional Venezuelan exports.

Foreign Affairs

Perez stated that "Venezuela will endeavor to have good relations with all countries . . . above all with the U.S." AD leaders cherish their long history of close relations with U.S. Government officials, as well as with U.S. political and labor leaders.

Perez is likely to:

—continue, but on a lower key, Caldera's Caribbean initiative;

—play a greater leadership role in the Andean Pact;

—continue President Caldera's policy of negotiations on the Colombian border dispute;

—dissipate Caldera's momentum to establish relations with Cuba.

—continue Venezuela's moderate Law of the Sea stance.

375. Telegram 11017 From the Embassy in Venezuela to the Department of State¹

Caracas, December 28, 1973, 2150Z.

11017. Subject: Interview with President-Elect Perez. Ref: State 246933.

1. I called this afternoon on the President-elect of Venezuela and presented the message from President Nixon set forth reftel.

2. Carlos Andres looked in top form. He was obviously delighted with his victory and appeared leaner and younger than when I last saw him when he lunched at the residence some four or five months ago. Delighted with our President's message, he agreed with me when I observed that the two victors in the recent Venezuelan elections were Carlos Andres Perez and the Venezuelan voter.

3. The President-elect said that he confronted many problems of which the principal ones were the management of Venezuela's petroleum resources and its unexpectedly huge increment of income from oil. He clearly recognized the dangers of inflation and said that his immediate problems would be those of management, both of incoming revenue and outgoing oil. He agreed with me that means must be found to make the transition between the relatively simple extraction of conventional petroleum and the technically much more difficult and costly task of tapping Venezuela's unused resources in the Orinoco Belt.

4. The President-elect was receptive when I said that we in the Embassy had been studying ways and means of being more responsive to Venezuela's legitimate desires in terms of two-way trade. I recalled that almost three years ago in a speech to the Venezuelan Association of Executives I had prophesied that with proper discipline of the human element, Venezuela could become the Japan of South America since it had such abundant resources of raw materials and energy.

5. When Carlos Andres expressed concern as to how he could handle these problems and develop a new industrialized Venezuela, I reminded him that it was not necessary to invent the wheel to become an industrial state. Venezuela could easily import technology from advanced industrialized countries and in fact by paying for such specialized skills and knowledge eliminate much of the evolutionary process through which other nations had become industrial powers.

¹ Summary: Ambassador McClintock and President-elect Pérez discussed trade matters, in particular petroleum.

Source: National Archives, RG 59, Central Foreign Policy File, [no film number]. Confidential. In telegram 246933 to Caracas, December 19, the Department transmitted a congratulatory message from Nixon to Pérez. (Ibid.)

6. The new President-Elect said that by January 2 he hoped to have a staff organized and to be able to function in preparation for taking over the office of the presidency. He listened appreciatively when I said that it was our practice in Washington for the President-elect to appoint a special representative at least to the Department of State to be kept au courant of problems in foreign policy. I cited as the most recent instance the appointment by President Nixon of former Ambassador Robert Murphy, my old chief in Brussels, as such a representative to the outgoing Secretary of State.

7. I also inquired of Carlos Andres if he planned to have representation on the Venezuelan delegation which will meet with Secretary Kissinger in Mexico City next February. He responded that indeed this would be the case and recalled that he had recently sent an unofficial representative to Tehran for the last OPEC oil talks.

8. Our conversation was intimate and cordial. Carlos Andres was pleased when I conveyed the congratulations of Frank Devine and Bill Luers. He said, "I told Luers before he left that if I won the elections, he would be a special guest at my inauguration."

9. The most important message resulting from this interview was the President-elect's earnest assurance that he wanted to talk quickly with the United States on our mutual petroleum interests, covering apparently every aspect of those relationships from present day oil production and revenues to the transition between now and 1983, the reversion law and the ultimate development of the Orinoco belt. He said several times that he wanted these conversations to begin as quickly as possible. I said he would find an equally ready response in terms of timing from the U.S. side.

McClintock

376. Telegram 252354 From the Department of State to the Embassy in Venezuela¹

Washington, December 30, 1973, 0202Z.

252354. Subj: Venezuelan Oil Price Increase Ref: A) Caracas 11015; (B) State.

For the Ambassador from the Secretary.

1. I am transmitting State 252282 to you for your information. As you will have seen in the press (a summary of the *Washington Post* account was cabled earlier today, December 29), there is strong reaction within the USG and general public to the latest price increases.

2. We are fully aware of the different economic and political realities between Venezuela and Arab Nations, and the fact that Venezuela continues to supply a very large percentage of U.S. oil imports. However, since latest price increase will have very important economic impact, unless you perceive important economic impact, unless you perceive objection, you should make known to appropriate GOV officials our deep concern over the drastic price rise at the earliest opportunity. You should draw, as appropriate, on points A, B and C of reftel.

Kissinger

¹ Summary: Kissinger instructed the Ambassador to express the U.S. Government's deep concern about the steep increase in the price of petroleum.

Source: National Archives, Nixon Presidential Materials, NSC Files, Country Files, Box 797, Latin America, Venezuela, Vol. 2, 1972–. Secret; Immediate; Nodis. Drafted by Forrester on December 29; cleared by Kubisch; approved by Kissinger. In telegram 252282 to Tehran, Jidda, and Kuwait, December 29, the Department instructed posts to express concern over the destabilizing impact of price increases and to promote greater consultation and mutual understanding between oil producers and consumers. (Ibid., RG 59, Central Foreign Policy File, P810097–2368) In telegram 11015 from Caracas, December 28, the Embassy reported that Venezuela had increased its oil prices by 82 percent. (Telegram 11015 from Caracas, December 28; *ibid.*, [no film number])

377. Telegram 2699 From the Embassy in Venezuela to the Department of State¹

Caracas, March 29, 1974, 1256Z.

2699. Brasilia and Rio for Secretary Shultz. Dept Pass Secretary Kissinger and Under Secretary Donaldson; Pass Treasury. Subject: Secretary of Treasury Shultz's call on Venezuelan President Carlos Andres Perez.

1. Following his hour-long interviews separately with President of Central Bank Lafee and Finance Minister Hurtado, Secretary Shultz accompanied by Assistant Treasury Secretary Hennessy and myself were received at Miraflores Palace by President Carlos Andres Perez shortly after noon yesterday (March 28).

2. Throughout Perez was frank and firm in presenting his points of view, while maintaining a friendly and low-key tone.

3. After brief amenities on the honor for Venezuela of Mrs. Nixon's visit, he went directly to the petroleum and price issue, citing his preference for candidness. He referred to Secretary Shultz's statement on eve of his departure from Washington with regard to what the Secretary believed was an unnecessarily high price for petroleum and the stir it had caused in Venezuelan press.

4. President Perez used this event as an illustration of need for the US to comprehend the Venezuelan reality and point of view. He went on to explain in detail the problems of poorer countries in general and Venezuela in particular with specific emphasis on the need for a better balance between the prices of their raw materials and the prices they had to pay for imported manufactured goods and technology. He referred to the fact of over a century of low raw materials prices (particularly petroleum) and only now the emergence of more balance.

5. Shultz explained that his statement was not one that prices "must come down" but was rather a view based upon our analysis of the outlook for prices, given the economic factors at work. He explained

¹ Summary: Shultz and Pérez discussed oil prices. Pérez emphasized that he thought the poorer nations of the world needed to organize to achieve higher prices for essential commodities.

Source: National Archives, RG 59, Central Foreign Policy File, D740069-0387 Secret; Immediate; Limdis. Repeated to Brasília and Rio de Janeiro. In telegram 3759 from Caracas, April 29, McClintock reported that Schacht informed him through an intermediary that Shultz's visit "had caused a most negative effect not only with President Andrés Pérez but, perhaps more importantly, with those elements of the Venezuelan Cabinet who wished to assume a nationalistic and anti-American stance at this particular time." However, Schacht wanted "to be a good friend of the United States and is seeking means to back up his arguments to President Andrés Pérez that Venezuela's best policy is in fact to be a good friend." (Ibid., P850083-1945)

his analysis that high oil prices would bring into play market forces on both supply and demand side so that without even counting on undreamed of technologies one could see from conventional and other known reserves a very large new supply coming on stream. The examples of the US shale, Venezuelan and Canadian tar sands were given. This led to the inevitable conclusion, he said, that petroleum prices would of necessity decline.

6. The President said he did not agree with this analysis. According to his information, there would be a growing demand among the industrialized nations for conventional petroleum and an inadequate supply to meet that demand, with the result that world oil prices would remain high. Although he recognized Secretary Shultz's argument that alternative sources of energy such as the Athabasca tar sands, shale and coal in the United States and even the Orinoco tar belt, might enter into the world energy supply picture, the development of such alternative sources would likewise be of very high cost and thus, said he, the price of oil would not come down.

7. Shultz admitted there was a difference of analysis and suggested that perhaps more analytical work might be done, since a boom-bust pattern of prices was in no one's interest. Perez reiterated his great desire for a better balance between the prices of commodities and manufactured goods. He added that he saw the Washington energy conference as forming a rich man's bloc against poor. Shultz explained that the purpose of the Washington energy conference was not to develop a bloc against the oil producers and the poor, but to establish a factual basis which would serve as a point of departure for dialogue and understanding among consumer and producer alike. He reiterated our purpose too of finding cooperative solutions and avoiding confrontation.

8. Shultz assured President Perez of the United States' very real concern for the poorer countries of the world and in particular our recent concern lest these less fortunate nations be unable to pay for oil at present prices and thus set back their development. At this point President noted that US had been siding with the LDC's in seeking a common position on oil prices.

9. President Perez in picking up his theme of the need for greater comprehension on part of US alluded to the fact that in recent years there had been a great increase in "sometimes irrational and primitive" nationalism.

10. President Perez expressed genuine concern on the need to avoid a confrontation between rich and poor at the forthcoming UN Special Assembly on energy. He asked, "How can we have the US on our side?"

11. The President said that the countries of the world had to get together to work out some solution for the problem of high prices for industrial exports and technology. Secretary Shultz responded that he

welcomed the idea of cooperating to avoid confrontation at U.N. perhaps through more objective analysis and suggested he sit down with his Venezuelan colleague Finance Minister Hurtado in Santiago to discuss how such an approach might be pursued. Secretary Shultz said he would telegraph Washington before meeting with Finance Minister Hurtado in Santiago to get their ideas on ways of working together such as by establishing a better analytical basis for dialogue. Both Shultz and President Perez expressed a hope that these conversations might lead to better understanding on all sides. Incidentally, in discussing forthcoming UN meeting, Perez said the Cuba problem would come up. He also said explicitly that special assembly would be confronted by political problems in addition to those of a purely economic character.

12. Adverting to the Santiago meeting, President Perez went further than had his Minister of Finance an hour earlier (reported septel), saying that he had instructed Hertado next week in Santiago to make two formal proposals with reference to the structure of the Inter-American Development Bank. The first would be to offer a Venezuelan capital contribution to a special trust fund of unspecified dimensions; and the second would be to call for an amendment of the bank's constitution through an increase in the capital which in effect would eliminate the United States veto.

13. The President at no time mentioned probable early reversion of oil company assets in Venezuela, as had Hurtado in his conversation with the Secretary, but confined his observation on petroleum largely to the question of the alleged validity of present high prices. He stressed over and over again the need for the nations of the world to get together to achieve a fairer balance of prices for all essential commodities. He hoped the initiatives taken by Secretary Kissinger at Mexico City could continue under study with the hope of reaching the stage of positive action and said he believed that meeting had had a positive effect on US-Latin American relations.

14. In closing, the President reaffirmed earnestly the desire of Venezuela to be a loyal supporter of the United States and added the necessity to resolve the problems he had cited to make that possible. He said, "help us do this," and cited Secretary Shultz's earlier remark that deeds were more important than words.

15. Shultz thanked President and explained that President Nixon had given him express instructions to come, listen and learn—that was why he did not go directly to Santiago—and that he was most appreciative of the time given him by the President and high officials of his government.

McClintock

378. Memorandum From the President's Deputy Assistant for National Security Affairs (Scowcroft) to the President's Assistant for International Economic Affairs (Flanigan)¹

Washington, May 6, 1974.

SUBJECT

Venezuelan Nationalization—Your Memo of May 3

We had also been in touch with State on this and expressed our views that we should promptly communicate three points to the Venezuelans:

1. That we recognize their sovereign right of expropriation;
2. That this brings with it a responsibility for prompt, adequate and effective compensation, which we believe they understand and sympathize with, and that their recognition of this could provide an opportunity to assume a position of influence and leadership as other nations in the Hemisphere seek to deal with this same problem; and
3. That we consider consultation to be a two-way street. We regret that they had not seen fit to give us warning of their statement, but hope that as the matter progresses towards agreement on compensation, we can stay in close contact.

State informed us that they are calling in the Venezuelan Ambassador on Monday and assured us they will make a presentation of this nature to him. Normally this would also be done in Caracas, but in this particular circumstance State prefers to make the *first* representation in Washington.

We believe that President Andres Perez's statement may have been only an expression of a hazy intention; until the Venezuelans provide us with further details, we should confine ourselves to the kind of

¹ Summary: After Pérez announced a broad policy to nationalize foreign investment, Scowcroft informed Flanigan that the Department of State would tell the Venezuelan Ambassador that while the U.S. Government recognized the sovereign right of expropriation, it expected prompt, adequate, and effective compensation to be paid.

Source: National Archives, Nixon Presidential Materials, NSC Files, Country Files, Box 797, Latin America, Venezuela, Vol. 2, 1972–. Confidential. Scowcroft wrote on the memorandum: "Peter—as we discussed this morning, I think this is getting straightened out. B[rent]." In telegram 90161 to Caracas, May 2, the Department instructed the Embassy to refrain from comment on Pérez's April 29 statement on nationalization and noted that it intended to discuss the matter with a Venezuelan Embassy representative. (Ibid., RG 59, Central Foreign Policy File, D740105–0537) In a May 3 memorandum, Flanigan informed Scowcroft that the Department's response was "extraordinarily inadequate." (Ibid., Nixon Presidential Materials, NSC Files, Country Files, Box 797, Latin America, Venezuela, Vol. 2, 1972–) In a May 3 memorandum to Scowcroft, Low agreed that "State's reaction to the Venezuelan statement was slow and their outgoing instruction was indeed weak," and he transmitted a draft reply to Flanigan. (Ibid.)

presentation outlined above. We have no reason to believe that the Venezuelan Government does not intend to provide full compensation. This is particularly true in view of their presently comfortable financial position. Our response to the President's speech therefore should be a positive one and assume their intention to compensate.

379. Telegram 93175 From the Department of State to the Embassy in Venezuela¹

Washington, May 6, 1974, 2355Z.

93175. Subject: Discussion of New Economic Nationalism Measures with Venezuelan Ambassador. Ref: A. State 90161; B. Caracas 3961.

1. Deputy Assistant Secretary Shlaudeman and other appropriate Department officers today received Venezuelan Ambassador Aguilar accompanied by Felix Rossi, Minister Counselor for Petroleum Affairs.

2. Shlaudeman referred to President Perez' speech of April 29, recognized importance of that national address and noted great attention it had received in Venezuela and abroad. He said that exact import of speech obviously remained to be defined but that it appeared to have very significant implications for Foreign capital investment in Venezuela. In view of these, and without prejudging course of future action taken to implement President's speech, Shlaudeman said that predominance of US business interests among some of categories likely to be affected suggested desirability of exchange of views at this time.

3. Shlaudeman noted public interpretation that nationalization of some U.S. investments is involved and said that on this basis he wished restate USG position on such matters. He emphasized that while USG does not question sovereign right to nationalize, provided process is for public purpose and neither arbitrary nor discriminatory, it does expect compliance with international law in terms of prompt, adequate,

¹ Summary: Shlaudeman informed Aguilar that the U.S. Government expected prompt, adequate, and effective compensation for the expropriation of U.S. assets in Venezuela. Aguilar assured Shlaudeman that Venezuela would implement any nationalization in accordance with its constitution.

Source: National Archives, RG 59, Central Foreign Policy File, [no film number]. Confidential; Immediate. Drafted by Devine; cleared by Forester, Brookins, and Ganz; approved by Shlaudeman. Telegram 90161 is discussed in the source note to Document 378. Telegram 3961 from the Embassy in Venezuela, May 6, reported on Venezuela's new economic nationalism measures. (National Archives, RG 59, Central Foreign Policy File, D740108-1006)

and effective compensation. He added that we wanted to be sure there was no misunderstanding on that point.

4. Going on from this point, Shlaudeman said USG attaches great importance to sound, positive, constructive relationship with Venezuela and hopes that implementation of President Perez' policies may be carried out in manner consistent with these aspirations. USG can understand domestic factors which may have shaped broad outline of President Perez' speech, although we may not agree with aspects affecting foreign investment. But USG does trust that as GOV moves forward with measures affecting foreign investment in Venezuela this will be done in a manner fully consistent with good relationship which we seek. Toward this end, Shlaudeman said we wish GOV to know that USG looks forward to a constructive dialogue on these matters as the GOV moves ahead in its program.

5. Ambassador Aguilar expressed appreciation and understanding for Shlaudeman's words and said that he himself was not yet fully in position to comment substantively upon President Perez' remarks. At same time, he wished to make two points. First of these was that Venezuela has democratic government based upon freely expressed will of the people and conducted in accordance with provisions set forth in Venezuelan constitution. This assures, he said, that implementation of President's words will involve due process in accordance with constitution. Secondly, Ambassador Aguilar said that public pronouncements by President Perez since his election and highly positive tone of FonMin Schacht's discussion with Secretary Kissinger have clearly demonstrated friendly and positive attitude of GOV toward United States. He felt sure that this in itself would contribute to constructive implementation in which Shlaudeman had expressed interest. In closing his reply, Ambassador Aguilar added that he felt GOV would certainly favor dialogue of type suggested.

6. In balance of discussion, brief reference was made to interrelationship of these matters with Venezuelan membership in Andean Pact, fact that some other members of pact have already faced up to implementation of Pact's provisions in a constructive manner, and to mutual desirability from standpoint of both USG and GOV of contributing through meaningful dialogue to anticipating and forestalling erroneous and exaggerated treatment of entire matter in terms of public, press, and other pertinent attitudes.

7. Conversation closed on note that Ambassador would be reporting to his government and would be in further contact thereafter.

8. MemCon will be pouched and further instructions provided septel.

Rush

**380. National Security Study Memorandum 203/Council on
International Economic Policy Study Memorandum 35¹**

Washington, June 10, 1974.

TO

The Secretary of the Treasury
The Secretary of Defense
The Secretary of Commerce
The Director of Central Intelligence
The Under Secretary of State for Political Affairs

SUBJECT

Review of U.S. Policy Toward Venezuela

The President has directed that a review be undertaken of recent actions in Venezuela relating to nationalization of foreign holdings and plans to assist other Latin American nations in replacing American businesses. Alternative policies available to the United States should be examined and recommendations made. The purpose of the study is to examine options for adopting a constructive and comprehensive response to the Venezuelan announcements on nationalization of foreign firms consistent with the new initiatives taken by the United States at the MFM conferences in Mexico City and Washington. A major objective should be to engage the Venezuelans in a more frank and frequent discussion of joint concerns than has been the case heretofore. The study should analyze:

- the political and economic framework within which the recent announcements relating to foreign investment have been made;
- the probable objectives of the Venezuelan Government in pursuing its policy towards foreign investment;
- implications for the U.S. of Venezuelan intentions to urge replacement of American enterprise and investment elsewhere in the Hemisphere;
- the issues and negotiating parameters in resolving the questions of compensation;
- the best means of advancing U.S. interest in continued participation by American firms in management, exploration, development and marketing of Venezuelan mineral resources;

¹ Summary: The President directed a review of U.S. Government policy options towards Venezuela.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 365, Subject Files, National Security Study Memoranda, NSSMs. Confidential. In telegram 4420 from Caracas, May 16, the Embassy reported that Pérez announced the nationalization of foreign oil companies' concessions and assets at no more than net book value. (Ibid., RG 59, Central Foreign Policy File, D740121-0763)

- the most effective way to ensure continued access by the U.S. to Venezuelan primary products;
- the possible issue of preferences for oil imports from Venezuela;
- alternative U.S. positions, including negotiation of a bilateral accord;
- specific recommendations for implementation.

The study should be conducted by the NSC Interdepartmental Group for Inter-American Affairs, augmented for this purpose by representatives from CIEP and the Departments of Treasury and Commerce. It should be submitted by July 5, 1974, for consideration by the NSC Senior Review Group, including representation from CIEP and the Departments of Treasury and Commerce.

Henry A. Kissinger

Peter M. Flanigan

381. Telegram 126784 From the Department of State to the Embassy in Venezuela¹

Washington, June 14, 1974, 0041Z.

126784. Subject: Venezuelan Economic Nationalism. Ref: (A) State 106608; (B) State 100872.

For Ambassador from Acting Secretary

1. You are authorized to discuss this matter with President Perez in near future, at his initiative or yours. This guidance reflects discussion of USG interests in Venezuela in light of economic nationalism measures recently announced, and of courses of action open to USG, in meeting of interagency coordinating group on expropriations on May 30.

¹ Summary: The Department authorized the Ambassador to discuss with Pérez Venezuela's expropriation of U.S. holdings and compensation for the expropriation.

Source: National Archives, RG 59, Central Foreign Policy File, D740154–0075. Confidential; Immediate; Limdis. Drafted by Ellis and Low; cleared by Ganz, Bond, Forrester, Membership of Expropriation Group, Kubisch, and Enders; approved by Sisco. In telegram 6500 from Caracas, July 13, McClintock reported on a discussion with Pérez regarding expropriation and the future of the oil industry. (Ibid., D740188–0412) Telegram 106608 to Caracas, May 21, instructed the Embassy to have an “early session” with President Perez. (Ibid., D740126–0867) In telegram 100872 to Caracas, May 15, the Department expressed concern regarding economic consequences of Perez's policies. (Ibid., D740120–0956)

2. FYI: We consider principal US interests affected by Perez proposals as follows.

A. Continued access to Venezuelan petroleum and iron ore supplies with any reductions in exports to US spread over sufficient time to permit easy adjustment.

B. Avoidance of unilateral actions by National Governments (as opposed to mutually negotiated arrangements) to abrogate agreements entered into by our private investors in good faith.

C. Fair treatment for existing US investment, including in the case of expropriation, the payment of prompt, adequate, and effective compensation as required by International Law.

D. A continued role for US business in Venezuela which will be mutually beneficial to both countries.

E. Venezuela's cooperation with the US in revitalizing Inter-American relations along positive and constructive lines. End FYI.

3. We recognize that some Venezuelans argue that these interests conflict in part with growing Venezuelan nationalism. We recognize also that careless assertion of our interests might lead to a counterproductive confrontation. At the same time, as indicated in Ref B, we do not want in any way to give GOV erroneous impression that USG is not concerned about far-reaching measures announced by Perez. Our judgment is that Perez recognizes that any country's nationalism, including ours or Venezuela's, must take into account the impact of actions on other countries. Given this situation we believe that the most useful way to serve US interests is to initiate a frank but constructive dialogue with Perez himself, particularly since it appears that he is calling the shots personally.

4. You should not rpt not make any reference in your discussion to possibility of returning here for consultations. The purpose of the meeting would be both to express USG interests and concern and at the same time to elicit from him an indication of how GOV intends to implement measures announced or contemplated which affect important US interests. You will particularly wish to determine if he has those interests in mind and if he is looking for means to harmonize them with his own. This will help to clarify the apparent gap between Perez' continuing public posture of aggressive nationalism and those factors and assurances which appear to provide affected companies with basis for optimism that suitable *modus vivendi* can be worked out.

5. The substance of the following points should be made during the course of your discussion with Perez:

A. There is a long tradition of friendship and cooperation in the relations between our two countries; this extends also to the economic and business area. It is our view that this is an important tradition

which is worth maintaining because it continues to serve the interests of both of our countries. Its spirit is embodied in the new relationships which were discussed in Mexico City and Washington in terms of the inescapable interdependence of today's world. It is exemplified in tangible form in the traditional trade patterns between our countries.

B. Basic to the preservation of this kind of relationship is the necessity to maintain close communications between us. The United States undertook in Mexico City to consult insofar as possible with the other nations of the Hemisphere in actions it took directly affecting their economies. This was not an easy commitment to make, and it will not be easy to maintain. Our ability to do so will depend in no small part on the other nations' willingness to approach us in the same spirit. The implications of the economic measures recently announced are of concern to us. They will have an important effect on legitimate American interests and we believe it of primary importance to initiate a frank and open dialogue with the GOV on this subject.

C. We need to have a better idea of what the recently announced measures portend. To the extent they involve expropriation, we, philosophically, are of the belief that such measures can often be ill-advised. Nevertheless, we recognize the right of expropriation by sovereign nations and we know President Perez is equally conscious of the importance we attach to the precept under international law that this carries with it a concomitant obligation to provide fair treatment in terms of prompt, adequate, and effective compensation.

D. Implementation of the measures which have been announced will involve negotiation between the GOV and American companies of difficult and complicated matters. We hope that the GOV will approach them in a spirit which will permit conclusion of new consensual arrangements leading to continuation of constructive participation by these companies in the Venezuelan economy.

Sisco

382. Telegram 145991 From the Department of State to the Embassy in Venezuela¹

Washington, July 6, 1974, 0031Z.

145991. Subject: Démarche Opposing High Oil Prices. Ref: Caracas 5954.

For the Ambassador

1. Our previous efforts to induce moderation on the part of the producers on the question of oil prices have not been very fruitful. Most producers, including Venezuela, seem determined to continue the trend of escalating prices. Our information suggests that only the opposition of Saudi Arabia prevented much larger price increases from being agreed to at Quito.

2. We are concerned by the apparent belief of Venezuela and some other producers that they can raise prices with impunity. In this respect, we regard Venezuela's recently announced increase as particularly unfortunate and unwarranted. We have decided to press more vigorously, and in a bilateral context, our opposition to high prices and our conviction that lower prices are in the long term interests of both producers and consumers. On July 8, the Department will make known its views to the acting Chargé in the Venezuelan Embassy. You should seek an early appointment with the appropriate senior Venezuelan official to make a similar representation. The talking points prepared for the Washington meeting are provided below. You should draw on them in making your démarche in Caracas. FYI—similar démarches will also be made to other OPEC governments to seek avoidance of new price increases. End FYI.

¹ Summary: Asserting that Venezuela's recent oil price increase was unwarranted, the Department instructed the Ambassador to encourage the Venezuelans to lower oil prices so as to create conditions for continued economic growth in the international economy.

Source: National Archives, RG 59, Central Foreign Policy File, D740179-0492 Confidential; Immediate. Drafted by Creekmore; cleared by Katz, Bosworth, Shlaudeman, Devine, and McCullough; approved by Katz. On July 8, Shlaudeman and other Department officers, in a meeting with Rossi, emphasized U.S. Government concern over the higher price of oil and its negative impact on the U.S. public. (Telegram 148195 to Caracas, July 10; *ibid.*, D740183-0429) On July 9, the Ambassador delivered his démarche to Schacht and informed the Department that the Foreign Minister would take the matter up with the President. (Telegram 6263 from Caracas, July 9; *ibid.*, D740183-0003) Oil prices were among the subjects discussed when McClintock met with Pérez on July 13; Pérez expressed "satisfaction that after many, many years Venezuela was at last receiving a good price for its oil." (Telegram 6500 from Caracas, July 13; *ibid.*, D740188-0412) Telegram 5954 from the Embassy in Venezuela, July 1, reported the Venezuelan Government's announcement that tax reference values will increase by 35 cents per barrel. (*Ibid.*, D740174-0288)

3. Talking points—

—I have asked you to come in because of our interest and concern in oil pricing developments.

—Reports from Caracas indicate a further increase in tax reference values (TRV). Our information is not yet official and complete, but our understanding is that the average TRV for all crude and products has risen 35 cents from 14.08 dols. to 14.43 dols. per barrel.

—We are disturbed by this announced increase. We believe the continued upward trend for oil prices is both unfortunate and unwarranted.

—As you know, the United States strongly believes that world oil prices are already critically high. As a result, the world economy is dangerously strained and world development is being retarded. The new increase just announced by the GOV will compound the difficulties consuming countries face in trying to adjust to the enormous and abrupt increase in price over the past eighteen months. On the basis of current market conditions, oil prices should be falling rather than rising.

—The direct and indirect burden of high oil prices on the US consumer is a heavy one. The plight of developing consumer countries is even more pressing. Their increased expenditures for energy are surpassing their total aid receipts and could lead in some cases to virtual economic collapse.

—We believe current price levels are contrary to the long-term interests of Venezuela and other producers. In our interdependent world, the economic futures of all countries are closely related. All nations, producers and consumers, will suffer in a world that is characterized by faltering and failing economies.

—The Government of Venezuela should be aware of the negative impact its attitude on price is having on its image in the United States. The US public, press, and Congress have not overlooked the fact that Venezuela is a leader within OPEC for continued price increases.

—For months we have tried to be understanding of the position and policies of Venezuela. We appreciated that Venezuela continued to supply oil to US during the recent Arab embargo. But we strongly oppose high oil prices. I hope you will bring to your government's attention our firm conviction that high prices are detrimental to all countries and our hope that it will see fit to reconsider its views on prices in general and this most recent decision in particular.

—We would also hope that we could build on our historic ties and traditionally good relations to ensure meaningful cooperation between producing and consuming nations and thereby contribute to an international economic system that provides for continued economic growth at sustainable price levels.

4. The GOE official, with whom you speak, will probably insist that the tax increase was designed to reduce company profits and not

increase the cost of oil to the ultimate consumer. In fact, the tax rise will increase oil prices. Should the issue arise, you may wish to draw on State 117824, which discusses the relationship of taxes to company profits.

5. Please report reaction of GOV to your démarche.

Sisco

383. Transcript of Secretary of State Kissinger's Staff Meeting¹

Washington, July 16, 1974, 3 p.m.

The Secretary's Principals' and Regionals' Staff Meeting, Tuesday, July 16, 1974, 3:00 p.m.

[Omitted here is material not related to Venezuelan affairs.]

pp 9–10 *Venezuela Economic Nationalism*—Four pending proposals of the new GOV. The importance of avoiding sniping at Venezuela stressed.

[Omitted here is material not related to Venezuelan affairs.]

Secretary Kissinger: Jack?

Mr. Kubisch: Venezuela?

I really would like to say a few words about it today because in recent weeks—really, since President Pérez came to office in late March—he's embarked upon a number of programs that's been causing a lot of pain around Washington and proposed a number of actions that are of great concern to American companies and American investors in Venezuela.

I think I'd just like to say a couple of words to make sure that we see this in its proper perspective and assess what the implications are for American companies and for us.

In the first place, I think it's important to realize that Venezuela has one of the highest standards of living in Latin America and the highest per capita income.

¹ Summary: Kubisch briefed Kissinger on economic nationalism in Venezuela.

Source: National Archives, RG 59, Transcripts of Kissinger Staff Meetings, Lot 78D443, Box 2. Secret; Nodis. Kissinger chaired the meeting, which was attended by all of the principal officers of the Department or their designated alternates.

Secretary Kissinger: What's that got to do with "economic nationalism"?

Mr. Kubisch: I'm coming to that.

As a result, it has this high standard of living because it has squandered—there's a feeling in the country they have squandered their foreign exchange earnings in petroleum and iron ore exports on imports without industrializing and developing an economic infrastructure in the country. There's been a growing resentment in Venezuela at the massive foreign—primarily U.S.—domination of the economy of the country.

Now, with the great increase in oil prices and the oil revenues from perhaps two billion last year to 10 billion this year. There's a feeling they have an opportunity really to develop their own country, and there is a wide consensus in the country to try and do this—to develop an industrial capacity to an economic infrastructure, and so on. And President Pérez has come to power against this kind of background. He's made four major proposals.

One is a series of populist measures—such as wage increases, redistribution of income, revitalizing the agricultural sector, and just generally things that have widespread appeal to the people of Venezuela.

The second and third concern: oil and iron ore. Oil and iron ore together account for about 95 percent of Venezuela's wage earnings. The oil concessions that have about 10 years to run were scheduled to revert to Venezuela beginning about 1983. He and all the other Presidential candidates campaigned on a program of having them converted immediately. And he said that he's going to nationalize the oil properties within two years, and he has established a commission to make recommendations in six months—around three more months now—on how to accomplish this. On the iron ore side—primarily Bethlehem Steel, U.S. Steel—he says he's going to nationalize those too.

Secretary Kissinger: What does that mean for us?

Mr. Kubisch: For us it means this: We have, I think, several very important interests in Venezuela. On the oil front, we need a long-term secure supply of oil. So whatever program is developed by the Venezuelan Government with the oil companies, it should assure us access to this oil—not only for the proved reserves they have now but perhaps in the Orinoco tar sands where there are additional deposits to be developed. In iron ore we really need a short-term access to iron ore, and the companies can develop other sources of supply. President Pérez has indicated he wants to establish a steel industry there and use the iron ore—

Secretary Kissinger: But how is he going to nationalize?

Mr. Kubisch: This hasn't been determined yet. He's going to the companies. He's going to his own commission.

Secretary Kissinger: Is McClintock there?

Mr. Kubisch: Yes.

Secretary Kissinger: He hasn't put forward a proposal yet.

Mr. Kubisch: No. He's waiting for recommendations by this commission on the oil.

Secretary Kissinger: Sure. I assume we don't care whether he nationalizes as long as there's adequate compensation.

Mr. Kubisch: That's a primary concern. His settlement—whatever it is—does not prejudice other American investment elsewhere in the world—in other words, that there be fair compensation—something that's negotiated mutually satisfactorily with the companies themselves.

There's a fourth element in his program that has appeal in Venezuela also. And that is there are certain sectors of the economy—service and merchandising sectors—that have, to some extent, been dominated by Americans. Sears has a large chain of department stores there. IBEC—the Rockefeller chain—has a large group of supermarkets there. He has issued instructions that those American investors must reduce their investment to 20 percent or less equity within three years.

Those are the main elements of what he's seeking to do.

In the meetings that—

Secretary Kissinger: But do we have to make any decisions about any of that?

Mr. Kubisch: I think the only decision we need to make now is to not panic about this and not be sniping away at the at the Venezuelans all the time in such a way as to—

Secretary Kissinger: Well, I can't panic because I'm not on the distribution list for any of these cables. (Laughter.)

Mr. Kubisch: Well, every once in a while there's a meeting—

Secretary Kissinger: There's nothing like ignorance to keep a man calm! (Laughter.)

Mr. Kubisch: Every once in a while there's a meeting of an inter-agency group that says, "Did you hear what's happening in Venezuela? We better go in and pound on the table before President Pérez." If so, it's a sure losing proposition. It's the sort of thing we can't win inside of Venezuela, though it might enhance our stance around the world.

[Omitted here is material not related to Venezuelan affairs.]

384. Memorandum From the Chairman of the Interdepartmental Group for Inter-American Affairs (Kubisch) to the President's Assistant for National Security Affairs (Kissinger) and the President's Assistant for International Economic Affairs (Eberle)¹

Washington, July 26, 1974.

Review of U.S. Policy Toward Venezuela

In accordance with the instructions of NSSM 203/CIEPSM/35 of June 10, 1974, I attach a review of U.S. policy toward Venezuela with particular emphasis upon those aspects of relationships affected by recent manifestations of economic nationalism.

The study reflects agreement by all members of the augmented NSC Interdepartmental Group for Inter-American Affairs consisting of the following agencies: State, Defense, Joint Chiefs of Staff, Treasury, CIA, AID, Commerce, USIA and the Federal Energy Administration. Representatives of CIEP and NSC also participated in the preparation of the report.

Attachments:

Review of U.S. Policy toward Venezuela

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¹ Summary: Kubisch transmitted an NSC interdepartmental group's review of U.S. policy towards Venezuela. The study focused on potential responses to Venezuelan economic nationalism.

Source: National Archives, Nixon Presidential Materials, NSC Institutional Files (H-Files), Box H-205, NSSM Files, NSSM 203. Confidential. The review was prepared as a response to NSSM 203/CIEPSM 35, June 10, published as Document 380. The annexes are attached but not printed.

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I. SUMMARY AND INTRODUCTION

A. Venezuela's Importance to the United States

Venezuela is profiting greatly from sharply inflated petroleum prices. Total government revenues from petroleum for 1974 are anticipated to be about \$9 billion; Venezuela's international reserves have already risen in the last six months from less than \$2 billion to nearly \$5 billion. Venezuela's leaders consider this situation a major opportunity to "sow petroleum" in behalf of long term national development through a new economic program, part of which calls for nationalization of the petroleum industry within two years. The disposition of these new earnings has also become an important factor on the inter-American scene, for they reinforce Venezuela's aspirations to leadership and offer a new source of capital assistance for less-favored nations.

Venezuela also has one of the strongest and most dynamic democratic governments in Latin America and a strategic location at the southern entrance to the Caribbean. Its importance to the United States is further underscored by the following:

—Venezuela is our single largest foreign source of petroleum, providing about 28 percent of U.S. imports and 10 percent of our total national consumption. It continued to export oil to us throughout the recent embargo even though it is a founding and active member of OPEC.

—Venezuela provided 30 percent of U.S. iron ore imports in 1973, valued at \$127 million, and 10 percent of total U.S. consumption of iron ore.

—U.S. private investment in Venezuela totals some \$2.5 to \$3 billion, of which \$1.5–2.0 billion is in the oil industry. This investment has contributed \$150–\$200 million annually to the U.S. balance of payments in the form of profits and interest.

—The United States annually exports over \$1 billion worth of goods and services to Venezuela, making it our third largest market in Latin America, and our 12th largest in the world. With its sharply increased petroleum income Venezuela should become a rapidly growing market for U.S. products and services.

—Venezuela will likely occupy a pivotal position in the development of the "New Dialogue" between the United States and Latin America: its membership in the Andean Pact, its growing influence in the Caribbean, and the historic alliances between its civilian leaders and those of Colombia, Costa Rica and Puerto Rico all give Venezuela significant regional influence.

B. New Directions

With its wide popular support, Venezuela's newly-elected government has initiated a sweeping new economic program aimed at achieving control over major national resources and reducing disparities in personal income. President Carlos Andres Perez considers this program essential to the survival of democracy in Venezuela.

Venezuela now proposes to recover national control of its basic industries. Petroleum and iron ore have traditionally supplied 95 percent of all Venezuelan export earnings. Both industries are controlled almost in their entirety by foreign interests, mostly from the U.S. Their nationalization is seen by Venezuelan leaders as serving Venezuela's broad interests and, at the same time, enhancing its position of leadership in the Americas. They do not view it as an anti-American posture. Nor is there evidence of a general Venezuelan policy of supplanting U.S. investment in the Americas.

Implementation of the new economic program is in its incipient stage. Affected U.S. business interests are in touch with the Government of Venezuela, seeking to identify their future role in the country. They believe that their marketing facilities in this and other countries, together with their advanced technology in the extraction, refining and industrial utilization of both petroleum and iron ore, will provide them with important bargaining chips with a government which needs those elements and appears to have sufficient support to eschew the narrow course of hypernationalism. On the other hand the GOV holds the option of reducing oil production substantially and looking for technical expertise in the international market place. Compensation for expropriated properties should become an issue only if even the minimum expected accommodation fails.

The U.S. national interest would be served by continued access in the short run (4 to 6 years) to Venezuelan iron ore and, in the long run, to Venezuelan petroleum. In seeking to advance these interests and in handling the compensation issue, if it arises, we must have due regard for other political, security, and commercial interests affecting our relations with Venezuela.

Developing circumstances have eliminated or greatly attenuated, in the Venezuelan case, many of our standard instruments of negotiating leverage, such as financial assistance, AID programs, oil preferences and offers of formal bilateral agreements. In lieu thereof, the defense and advancement of our important interests will best be served by improved rapport, based on frank and friendly dialogue with the Government of Venezuela. By demonstrating that we recognize Venezuela's aspirations and will support them on a basis of reciprocal consideration and accommodation, we increase the likelihood of a successful outcome

of negotiations over the future role of our companies. Our priority task is to initiate this constructive dialogue and create an environment conducive to its successful fruition.

[Omitted here are Sections II, III, and IV.]

V. U.S. Policy Options

In line with NSSM-CIEPSM guidance, the options which follow focus on a major nationalization of U.S. investments in the context of our broader interests in Venezuela. Because negotiations are still at an incipient stage, we lack any significant elaboration of the GOV's position on the future role U.S. iron and petroleum companies might play in extracting and processing those materials. The options which follow, therefore, represent broad approaches to the negotiations and to the environment in which they are taking place. Further analysis will be warranted as negotiations progress, particularly if a movement toward confrontation develops.

The U.S. oil and steel companies' particular interests relating to their investment in Venezuela fit within a broader U.S. concern with protection of U.S. investments overseas, with maintenance of a flow of energy and raw materials to our economy, and with preservation of longer term political and security interests in Venezuela. Similarly, the acquisition of control over its extractive industries fits within a broader Venezuelan government program of industrial and general economic development. The options below take these interrelationships into account. The first three present differing levels of general USG involvement in the negotiating between the companies and the GOV. Options four and five represent more general approaches to supplement the negotiating options.

A. A Hands-Off Policy.

This course of action would leave the process of negotiation to the private U.S. companies which are involved. We would follow the negotiations carefully, so as to be prepared to become involved if the course of negotiations turned against the companies in such a way as to threaten our interests. Normal diplomatic interchanges with the GOV, either at its initiative or in cases where we were certain such interchanges would not be objected to by the GOV or the companies, would not be precluded, but we treat the negotiations as a matter basically between the companies and the GOV.

Advantages

a. Would conform to the role suggested to us by the companies themselves. This role was urged because of the companies' fear that U.S. involvement in the negotiations might be counterproductive and

cause the GOV to take a more extreme position in order to demonstrate its independence from the U.S.

b. Would leave negotiations to the experienced hands of the interested private parties, most of whom have a long history of relationship and dealings with the government of Venezuela.

c. Would reduce the risk of confrontation with the GOV by not directly addressing Venezuela's contention that subsidiaries of foreign firms doing business in the country are subject *only* to Venezuela jurisdiction.

d. Would avoid premature USG involvement by deferring participation until it had become more clearly necessary.

Disadvantages

a. If the negotiations turn against the companies, our involvement may come too late to support either their or our own national interests.

b. The private companies alone may not have sufficient bargaining strength to compete with the government of Venezuela and will therefore be at a disadvantage in the negotiations.

c. Important national interests are involved, involving both oil and iron ore supply and prices, and more broadly long-term relationships which we may not be able to protect if the negotiations are left completely in the hands of the private companies.

d. Important principles of U.S. international economic policy are involved, e.g. prompt, adequate, and effective compensation for expropriated properties, which should be advanced at the governmental level. This consideration is not likely to arise, however, until the companies first goal of maintaining a role in Venezuela, and perhaps even a reasonable guarantee of continuing access to the petroleum, fails.

B. A Parallel Dialogue.

Recognizing that important national interests are involved in the negotiations apart—if not neatly separable—from the specific regarding the nationalization of U.S.-owned interests, we should quietly maintain a dialogue with the GOV to identify possible broader problems arising from the negotiations. This dialogue should be carried on regularly, but, for the USG part at least, in a manner consistent with option one as regards avoiding comment on, or involvement in, specific of the company negotiations.

Advantages

a. To a great extent such a dialogue is unavoidable. We cannot stop diplomatic exchange during the negotiations.

b. The advantages considered under *a* and *b* of option one would apply.

c. To enter a parallel dialogue would implement our joint commitment at Tlatelolco. We agreed there to bring out conflicts of national interests and to deal with them frankly, with concern for results and less for complicating public treatment of them.

d. There will inevitably be publicity on progress of the negotiations, and on points of conflict. The large number of companies involved will almost inevitably lead to a public confusion on what is really happening. We must be clear on what is, in fact, happening. Consultation on these problems would serve the purposes of both governments, assuming a continuing will to keep the setting conducive to an agreed accommodation of interests.

e. The separate officially communicated Venezuelan view of how the negotiations are proceeding could be useful to the U.S. companies involved, as well as to the USG.

Disadvantages

a. We may get drawn into discussion on ongoing negotiations to a depth which our companies would not welcome. Our official comments would be subject to misinterpretation and possible use against the companies positions.

b. It takes two to make a dialogue and the new government has not been disposed to consult in advance on its policy initiatives.

c. We would be more open to the traditional Latin charge that the USG supports the aims of its national firms to the detriment of the independent development of Latin American countries. (This potential might be lessened to the extent that the USG avoided official discussion of specific issues or support for company positions.)

C. An Out-Front Policy

The USG would seek to interpose itself between the private companies and the Government of Venezuela. The USG would take an active role in the negotiations and/or attempt to use strong political and economic pressure in support of an outcome that would protect U.S. and company interests.

Advantages

a. The prospect of an outcome more favorable from the standpoint of U.S. interests might be greater by virtue of the greater bargaining power brought to bear, although this is by no means certain.

b. A clear signal would be given—in Venezuela and elsewhere—of our unwillingness to accept continued erosion of the U.S. business presence and our national economic interests abroad despite the political costs which might be involved.

Disadvantages

a. This would almost insure early confrontation with the new and basically friendly government of a leading Latin American democracy, causing potentially serious harm to our overall relations and security interests.

b. There is reason to believe that the government of Venezuela sees itself as embarking upon a comprehensive new economic development program rather than a bilateral problem with the U.S. Such a confrontation risks a polarization, with the United States being internationally cast in a role of opposition to the force of nationalism in Latin America.

c. We are not exactly dealing from strength in today's relations with Venezuela. Our elements of leverage are perhaps lower than ever before in view of (1) our need for Venezuelan oil, (2) the importance attached to Venezuelan cooperation in the vitalization of inter-American relations, and (3) the affluence and economic independence which Venezuela enjoys today by virtue of surplus oil revenues.

d. Given the complexity and the economic and legal issues involved, especially with regard to the petroleum issue, it would be difficult if not impossible for the U.S. Government to play a meaningful role in specific negotiations, except perhaps, if compensation becomes a central issue.

D. Increase U.S. Support for Venezuela's Development.

To improve the environment for negotiations we would, without publicity or declaration of any "special relationship," identify the USG officially with the GOV aspirations to industrialize and diversify its economy. Steps in this direction could include facilitating the training of Venezuelan technicians abroad, encouragement of U.S. industrial and commercial involvement in the Venezuelan development plan, assistance in the GOV's drive to upgrade the depressed agricultural sector, reaffirmations of our willingness to assist with the modernization of Venezuelan armed forces, and general cooperation in the inter-American context. This program should, to the extent possible, operate in support of continuing favorable relations with the Venezuelan government. A sufficiently adverse turn of the company negotiations or of GOB public posture toward this country would, of course, call for a reassessment of the value of such cooperation and atmospherics. From such a positive approach we would expect to develop the most cooperative background possible which would promote a favorable GOV attitude toward our interests. (See elaboration of possible courses of action in Annex F.)

Advantages

a. This would be a constructive approach to Venezuela's legitimate charting of a more ambitious course of national development.

b. There is a good chance that the GOV would be receptive to this approach.

c. There would probably be a useful fallout across the entire spectrum of our relations with Venezuela providing a beneficial setting for the protection of our economic interests and the interests of the U.S. companies in Venezuela.

Disadvantages

a. Such a cooperative approach would be difficult to sustain if the GOV took harsh action against U.S. companies.

b. It could be subject to serious criticism from elements in the U.S. who do not view nationalization as legitimate nor past U.S. posture in these case as “firm” enough.

c. It might encourage others to treat our overseas interests arbitrarily in the belief that such action is rewarded rather than punished.

E. Creation of an Explicit “Special Relationship”

As in the case of Saudi Arabia, we would attempt to negotiate a publicly proclaimed “special relationship”, commissions and working Groups, interchange high-level visits, and set out to assist in the development and the diversification of Venezuela’s economy. We would offer to assist Venezuela substantially with modernization of her armed forces, consistent with the requirements of inter-American security. A formal bilateral agreement might be part or the end result of this effort. Part of the package would, of course, provide for a mutually satisfactory outcome of the negotiations with the companies.

Advantages

a. International recognition would be afforded Venezuela as a nation of special importance to the United States, and special relationships would come publicly into existence with the implication of two-way trades on measures affecting each other.

b. Massive U.S. attention and assistance might result in Venezuela giving special consideration to our economic interests.

c. Might lead to substantial expansion of hemisphere’s petroleum reserves.

Disadvantages

a. Such singling out of Venezuela would be resented by other members of the inter-American community.

b. Venezuela has invested heavily in developing its “Third World” credentials and may not itself consider a “special relationship” with us compatible with these and with its pretensions to leadership in Latin America.

c. The substance of such a relationship might be much less than the form. The immediate economic, political, and military advantages which

we have to offer Venezuela might not be sufficient incentive for the GOV at this time to make major economic concessions in return. See Section IV "Prospects For a Bilateral Agreement," and Annex E "Prospects for A Special Relationship."

d. Given these circumstances, the GOV is unlikely to be willing to enter into any bilateral trade, investment, or energy agreement. An offer on our part to discuss such a special relationship might result in the GOV stiffening its position in negotiations with the companies.

e. It might be premature to offer such a relationship to Venezuela until negotiations with the companies have progressed sufficiently to indicate that such a massive USG effort is necessary to preserve our interests. A premature offer could indicate to the GOV that we consider the position of the companies weak, and therefore encourage the GOV to go for a maximum takeover of U.S. investments.

VI. *Recommendation*

Options B, A Parallel Dialogue, and D, Increase U.S. Support for Venezuela's Development, taken together, offer the greatest chance for the USG to assume a role supporting both our national interests and a favorable outcome for company negotiations. Their advantages are outlined above. The companies have generally not sought official intervention in negotiations over nationalization, yet the Secretary has committed the United States to meet points of conflict with Latin American countries in continuing dialogue, and with a minimum of public posturing. The balancing act set out in B describes a course essentially meeting both imperatives.

The dialogue should be constant, quiet, and at the highest level possible. We should seek to bring out the objectives of each government in the negotiations and identify broad areas of agreement and of disagreement. Misapprehensions over these should be avoided at the start so that we do not limit necessarily the area of maneuver and compromise through feeding public antagonism. The course of negotiations will also involve many disparate companies with differing aims and personalities, leading inevitably to a confusing picture of what is happening. It will be important that we hear the GOV version of the negotiations at each stage, even though the USG should be constrained from getting between the parties except at the point—essentially at the end of the line—when the compensation question will call for our close review, and possible official comment or action.

In the important case of oil company negotiations, our interest in a continuing flow of Venezuelan oil to this country would call for a new analysis of our options should the Venezuelan position be to exclude U.S. companies from Venezuelan operations at a precipitate rate, or to threaten diversion of the oil to other markets. Both possibilities offer

little benefit to Venezuela in our view, yet are possible results of the negotiating process.

Option D should be fleshed out immediately, using a Venezuela Working Group to identify means available to the USG to be of assistance to Venezuela in attaining its developmental objectives. The timing and visibility of these moves to be helpful to Venezuela will have to be examined closely. There is some danger in “discontinuing” to the extent that our actions might be construed as “buying” favorable treatment for U.S. firms and handing Perez’s opposition a political opening. We face the same sensitivity, however, when we do *not* do in normal interchange what we might have been expected to do, exposing ourselves to the opposite change of holding positive actions hostage to the same favorable treatment of U.S. interests.

In our approach to Option D we should make a strong effort to head off the charge that the conflict of national interests, to some degree inherent in the nationalization process, implies a U.S. intention to restrain or subvert Venezuelan development. The Venezuelan government will furthermore be under political pressure to broaden its options and show its independence. The tendency is strong in any country enjoying newly available financial means to go to excess in removing all appearance of dependence. The longer range ties, which are recognized to be beneficial to both sides, will have to be reinforced carefully and continuously in order to lay the basis for a political climate in Venezuela which will permit a reasonable accommodation to U.S. interests.

[Omitted here are the Annexes.]

385. Telegram 11246 From the Embassy in Venezuela to the Department of State¹

Caracas, November 13, 1974, 1650Z.

11246. Subject: Venezuela: Policy Recommendations. Ref: A. Caracas 10979; B. Caracas 8738; C. Quito 7721.

Summary—For the first time since Bolivar, Venezuela has the economic strength and political leadership in President Perez to make her will felt beyond her borders. As a principal supplier of oil and iron ore to the U.S., as a major trading partner and host to a large U.S. private investment, Venezuela is far too important to allow us to drift into an adversary relationship. By carefully initiating a frank but low-key dialogue with Venezuela along the lines of the Secretary's "new dialogue" with Latin America, we can best reach solutions to our differences and safeguard our high stakes in this country. Depending upon its progress, the regular dialogue might later be reinforced by a high-level USG visit to Venezuela as recognition of her new and increasing importance in world affairs. End summary

1. Since World War II Venezuela has prospered greatly from petroleum, but national pride has been galled by the Venezuelans' conviction that their prime resource, a wasting asset, was being pumped away by foreigners for their great benefit, with Venezuela having to struggle for whatever advantages it could squeeze from the foreigners. At the same time the Venezuelans' sense of grievance was heightened by what they considered as grossly unfair terms of trade between Venezuela and the industrialized countries (i.e., the United States) as the prices of imported goods rose but the prices of Venezuela's oil and other raw materials did not. Venezuelan resentment was further magnified by

¹ Summary: The Embassy recommended a frank but low-key dialogue with Venezuela, possibly combined with a high-level visit, to resolve investment disputes and to avoid the development of an adversarial relationship.

Source: National Archives, RG 59, Central Foreign Policy File, D740327-0708. Secret; Priority; Limdis. A summary of Pérez's public letter to Ford is in telegram 9337 from Caracas, September 20. (Ibid., D740265-0417) The substance of the July 9 aide-memoire that was said to have incensed President Pérez was laid out in Document 382. NSDM 257 is published in *Foreign Relations*, 1969-1976, vol. E-11, Part 1, Documents on Mexico, Cuba, and the Caribbean, Document 16. Portions of the July 26 study memorandum on U.S.-Venezuelan relations are published as Document 384. Telegram 10979 from Caracas, November 6, presented Embassy views regarding a proposed chief of mission conference in Washington, December 2-6. (Ibid., D740319-0637) Telegram 8738 from Caracas, September 5, presented the Embassy's initial views regarding consultation among policy planning staffs in Venezuela. (Ibid., D740246-0604) In telegram 7221 from Quito, November 13, Ingersoll reported on Schacht's suggestion that a special envoy be designated to study bilateral problems and prepare an agenda for discussions between the two countries. (Ibid., P850146-0852)

unsuccessful efforts to work out a special bilateral deal for access to the U.S. oil market in the form of “Hemispheric preference.” Venezuelans attributed this to a lack of U.S. concern and responsiveness to their problems.

2. The energy crisis and President Carlos Andrez Perez’s electoral victory in December 1973 coincided and together have changed Venezuela’s perception of herself and her world role. Venezuelans are confident that they now have the strength to achieve many of the economic aspirations they have held over the years.

3. Besides immensely strengthening the Venezuelan economy, the vastly increased revenues from oil have bolstered the political position of President Perez to the point that he is rapidly emerging as a hemisphere figure. Perez, an energetic and articulate popular leader, is a shrewd, self-made career politician from the hardscrabble Andean state of Tachira. (Unlike most Latin American Chiefs of State he has no college degree, and he also speaks no English.) Although he has had comparatively little experience in Foreign Affairs he has been quick to exploit the opportunities in international relations, offered by Venezuela’s changed circumstances. Besides providing large sums for development assistance and international lending, Perez (with Colombia and Costa Rica) has taken the initiative in the OAS to lift sanctions against Cuba and has proposed a meeting of Latin American Nationalism.” More importantly, he has constituted himself a Latin American spokesman for the developing Third World countries vis-à-vis the developed nations, especially the United States. While this self-assumed role may be privately resented by some of Perez’s neighbors, none is likely seriously to dispute it so long as Perez professes to speak for their general interests—and has the money, oil and other resources they need.

4. Perez’s reply to President Ford following the latter’s September 18 energy speech to the United Nations typifies Venezuela’s new self-assurance. Although President Ford’s remarks were directed to a far wider audience than Venezuela, Perez, still incensed by our aide mémoire of July 9, may have genuinely believed that Ford’s speech was directed at Venezuela. Perez did not hesitate to make a public reply designed (successfully) to win him broad domestic as well as international support (the Presidents of Peru and Ecuador publicly endorsed Perez’s reply to President Ford). What irritated the Venezuelans most about this episode was that so little attention in the U.S. was given Perez’s message that Venezuela had to publicize it via paid advertisements in leading U.S. newspapers. This reaction suggests that one of the simplest and easiest ways to offend Venezuela is to ignore her. Another, more certain, way is publicly to imply criticism.

5. An adversarial relationship with Venezuela might not only jeopardize the hitherto uninterrupted flow of Venezuelan petroleum to the U.S.

but also adversely affect the \$3 billion U.S. investment in Venezuela, including the evolution of the process of nationalization of U.S.-owned oil and iron ore companies, and also the expanding U.S. export market in this country (currently about \$1.5 billion annually). Confrontation would stimulate Venezuelan nationalism, strengthen Perez domestically, make him a champion of anti-U.S. sentiment in Latin America, and drive him to lend increasing support to hardline Third World positions.

6. In order to avoid the above risks, the Embassy recommends that we attempt to initiate a low-key dialogue with the Venezuelan government at various levels. Without compromising Perez's independent stance, such a dialogue would enable us to have regular, serious, sustained and, as warranted by progress achieved, higher-level consultations with Perez and the GOV to work out durable solutions to problems. In urging this approach, we believe Perez is not so much anti-U.S. as a hard and nationalistic bargainer. The resort to dialogue has already been approved in principle by NSDM 257 of June 10, 1974.

7. Specifically, we suggest increased consultation on economic and political issues through more institutionalized and regular dialogue between the embassy and appropriate Venezuelan ministries, at various levels including the Ambassadorial-Ministerial. After careful preparation the Secretary's plan for talks between S/P representatives and the GOV hopefully could open new avenues of communication, possibly along the lines suggested in Caracas 8738.

8. If we are to have a serious, productive dialogue with Venezuela, an agenda must be selected based upon mutual interests rather than serious differences. From the aspect of diplomatic tactics, we can get far more mileage in a future negotiation with President Perez if we make it seem that in fact it is our desire to assist him to achieve his ambitious program of a fundamental reordering of the Venezuelan economy, as outlined in his speech to Congress to April 29 this year (see Annex to study memorandum of July 26, 1974). Many of these objectives, such as vastly increased steel, aluminum, and shipbuilding industries, directly concern the transfer of technology which formed a significant contribution at the conference of Tlatelolco. Other points in President Perez's speech to the nation included an almost revolutionary betterment of the agricultural sector of the republic; and here, too, U.S. technology in terms of scientifically improved crops, the availability of needed agricultural machinery, and possibly even a contribution by our own Peace Corps, could be made to seem to President Perez as a constructive attempt by the United States to assist him in achieving a goal which will have also important sociological (and political) benefits.

9. If we follow this suggestion, the United States would need to define its interests most carefully, perhaps along the lines of the recommendation in the study memorandum of July 26, 1974, in response to

NSSM 203. Within this framework the following subjects are illustrative of the topics which might be included:

(A) Petroleum Prices and Access to Venezuelan Oil

Since there appears to be little likelihood of U.S. efforts leading to a lower price for Venezuelan petroleum, our primary objective should be to obtain long-term access to Venezuelan oil at no higher than current prices. This is not to say that we should acquiesce to the level of current prices for the long run, but access rather than price should be our main consideration. Given the Venezuelan determination to accelerate reversion of the petroleum industry and to nationalize as soon as possible the iron industry, we should make every effort to ensure that the bilateral atmosphere will contribute to the most advantageous future arrangements both from the standpoint of the U.S. oil companies and the U.S. Government. The more services which the U.S. can continue to provide, especially in the areas of marketing and technology, the more we will be able to depend on Venezuela as a source of petroleum.

(B) Petro-Dollar Recycling

Venezuela is trying to get out in front of the OPEC member countries in proposing that they offer some positive suggestion to the consumer countries for recycling excess revenue. One of the Venezuelan initiatives will involve sending a cabinet-level mission to some Arab and other oil-producing countries to set the stage for this subject to become an agenda item at the December OPEC ministerial meeting. U.S.-Venezuelan interests may coincide in this important area.

(C) Bilateral Trade

Although U.S. trade with Venezuela has in the past been conducted through private companies without participation of the two governments, we may find it in our interest to examine seriously the possibility of government-to-government arrangements. Venezuela's extractive industries will soon be nationalized and the GOV already controls the purchase of basic agricultural commodity imports. The GSP provisions of the trade bill, including the possible exclusion of Venezuela as an OPEC country, will heighten the need for bilateral consultations and possible negotiations for an access agreement.

(D) Investments

As indicated in sub-paragraph B above, there is an important element of Venezuelan investment in multinational financial institutions and also directly in U.S. financial markets. Likewise, Venezuelans are interested in the possibility of future U.S. investment in their country. In this connection we note that there are important U.S. investments in Venezuela which are affected by the provisions of the Andean Pact.

(E) Technological Cooperation in Petroleum Development

Declining production will eventually require the GOV to develop its other potential reserves, notably the Orinoco Tar Belt, which is supposed to contain 700 billion barrels of viscous, mineralized oil. Foreign technology will inevitably be required in some form. The Shell company already has signed an agreement with CVP for the demetalizing of heavy oil, and this could be the forerunner of more extensive technological agreements with foreign sources. The director of hydrocarbons in the ministry of mines has confidentially told the embassy that there would be a good possibility of U.S.-Venezuelan cooperation for development of the Orinoco Belt, but that such cooperation would have to be cast, for political reasons, in terms of technological cooperation in the development of "heavy" crudes, with no mention of the precise geographical location.

10. If the new dialogue is successful, serious consideration might be given at a future date to a visit to Venezuela by the Secretary. In the meantime we suggest the desirability of a letter from President Ford to President Perez calling for dialogue as a means of forestalling additional high-level public statements which can only exacerbate the present atmosphere of confrontation. We believe President Perez would act positively to such an unmistakable indication of our concern for our relations with one of our major oil suppliers and a major Latin American power. Opportunity would be afforded for decisions in our bilateral relations and for avoiding strains resulting from oil company reversion. Such a demonstration of friendship would, we believe, neutralize anti-U.S. pressures on Perez and encourage him to be a more responsible and cooperative hemisphere partner.

11. The foregoing was drafted before the receipt of Quito 7721, from which it appears that FonMin Schacht also is thinking of a jointly framed agenda of U.S.-Venezuelan bilateral problems. We welcome the suggestion of Deputy Secretary Ingersoll that Assistant Secretary Rogers would be the appropriate person to go to Venezuela to talk about such an agenda.

McClintock

386. Telegram 11890 From the Embassy in Venezuela to the Department of State¹

Caracas, December 2, 1974, 2039Z.

11890. Subj: President Perez on US-Venezuelan Relations: Possible Dialogues.

1. At breakfast this morning, the President complained at the “hard line” which the USG apparently wanted to take against Venezuela. I said so far as I knew, there was no special “hard line” and that we were pleased at the initiative of FonMin Schacht in Quito when he had suggested to Deputy Secretary Ingersoll the preparation of an agenda and the initiation of serious talks to lay out the course of future US-Venezuelan relations.

2. President said that Venezuela was not like the Arab countries which used oil as a political weapon. Venezuela had its own program for national improvement and sincerely desired to be a loyal friend of the US. He pointed out that the forthcoming nationalization of the iron ore industry (Caracas 11830) would be the precursor of similar arrangements with the foreign petroleum companies and that he thought it would be clear to all that Venezuela intended to be reasonable. Therefore, he found it difficult to understand why the US wished to follow a “hard line.” I said we did not and that it should not be beyond the realm of ingenuity on both sides to lay out principles governing our economic relations which would be beneficial to both countries. Here I mentioned the transfer of technology and the various ways in which the US could be helpful to Venezuela in realizing President Perez’s ambitious program for economic development as outlined in his speech of last April 29.

3. The President questioned me several times as to whether I would be going up to Washington next month, and I said that so far as I knew I was still scheduled to attend a meeting of Chiefs of Mission early in January. I also mentioned the forthcoming US-Venezuelan symposium to be held under the auspices of the Fletcher School Jan 26–29. I said if both govts could see to it that delegations on each side were made up of high caliber participants drawn from govt as well as private sector, it might be possible informally and without commitment at

¹ Summary: McClintock assured Pérez that the U.S. Government did not have a “hard line” policy towards Venezuela.

Source: National Archives, RG 59, Central Foreign Policy File, D740349–0499. Secret; Limdis. In telegram 11830 from Caracas, November 29, the Embassy informed the Department that U.S. mining companies and the Venezuelan Government were near a settlement of a dispute over expropriated U.S. holdings. (Ibid., D740347–0799)

Fletcher to trace out recommendations for the future management of our relations and which could then be studied by govts and perhaps used as the basis for eventual official agreements. To this suggestion the President agreed. He said, however, that he thought it would be unwise for the Fletcher symposium to be attended by [our?] press on either side because this would tempt speakers to plead to the gallery and thus the meeting would degenerate into a nationalistic debate which could be of no benefit to either side.

McClintock

387. Telegram 13700 From the Department of State to the Embassy in Venezuela¹

Washington, January 21, 1975, 0049Z.

13700. Subject: Secretary's Meeting with Dr. Manuel Perez Guerrero, Venezuela's Minister of State for International Economic Affairs.

For the Ambassador

1. Secretary met for about one hour on afternoon of January 17 with Dr. Perez Guerrero, Minister of State for International Economic Affairs. Venezuelan Ambassador Burelli Rivas, Venezuelan Embassy Petroleum Attaché Felix Rossi, Assistant Secretary Rogers, and Henry Johnson, Deputy Director, Office of North Coast Affairs, were also present.

2. In wide-ranging, free, and frank exchange, the Secretary and the Minister touched generally on U.S.-Latin American policy, new dialogue, trade reform act, and need for improved producer-consumer communication on all commodities.

3. On oil, the Secretary said the U.S. was not concerned with OPEC per se but rather with the rapid increase in oil prices, the balance of payments difficulties this increase has caused for many countries, and the possible threat to western civilization. The Secretary indicated he thought the price issue could be settled only on the basis of a common

¹ Summary: Kissinger and Pérez Guerrero discussed the Trade Reform Act, producer-consumer communication on commodities, and U.S.-Venezuelan relations.

Source: National Archives, RG 59, Central Foreign Policy File, [no film number]. Confidential; Priority; Exdis. Drafted by Johnson; cleared by Divine and Rogers; approved by Ealum. A memorandum of conversation of the meeting is *ibid.*, S/S-I Files, Lot 77D149, Principal Memoranda.

perception of the long-term. He said we would be willing to talk with OPEC as soon as the consumers are organized and that we would like to talk with producers about long-term price commitments if they are prepared to talk about long-term supply commitments.

4. On U.S.-Venezuelan relations, the Secretary stressed seriousness of our intention to improve relations. He said we are willing to have a dialogue in either a hemispheric or bilateral forum but that we urgently feel need to do something beyond rhetoric to get relations with our old friend Venezuela back on track. If Venezuelans have any proposals, we very much want to hear them. The Secretary requested the minister specifically to convey to President Carlos Andres Perez our desire for dialogue and readiness to listen to Venezuela's ideas and proposals.

5. The minister asked the Secretary about his plans for a visit to Venezuela. The Secretary replied that he fully intended to travel to Latin America including Venezuela but that events in Mid-East might force him to postpone the date.

Kissinger

388. Telegram 23909 From the Department of State to the Embassy in Venezuela¹

Washington, February 1, 1975, 2034Z.

23909. Subject: Secretary's Meeting with Dr. Ramon Escovar Salom, Venezuela's Foreign Minister

For the Ambassador

1. Secretary met for about fifty minutes on afternoon January 29 with Dr. Escovar. Venezuelan Ambassador Burelli Rivas, Minister Counselor Paparoni, Assistant Secretary Rogers, Interpreter Anthony Hervas, and Desk Officer Sonandres also present.

2. Meeting was amicable and frank. Discussion centered on US-LA relations (with specific reference to US Trade Bill, postponement of Buenos Aires MFM, and April OAS General Assembly) and on USG-GOV

¹ Summary: Kissinger and Escovar discussed the Trade Bill, postponement of the Buenos Aires MFM, and the April OAS General Assembly.

Source: National Archives, RG 59, Central Foreign Policy File, [no film number]. Confidential; Priority; Exdis. The Senate Finance Committee's mark-up of the Trade Reform Act included a provision for exclusion of OPEC members from the Generalized System of Preferences. (Telegram 10952 from Caracas, November 5, 1974; *ibid.*)

relations. Secretary gave his views on recent Latin American actions against USG. Escovar, who presented Secretary with copy of his book, was conciliatory in his approach. Both agreed to discussions on bilateral issues.

3. Secretary began conversation by frankly calling Buenos Aires MFM postponement a tactical mistake, contrasting its back page press treatment with the very considerable exposure which his visit to BA would have brought Latin America viewpoint in principal US newspapers.

Latin America knew executive branch position on trade bill and his inability obtain quick changes. He added that there would be no new international order without US. In sum, Secretary observed that anti-foreign sentiment was currently significant factor in US and that frankly, we needed a little help from Latin Americans.

4. Turning to US-Venezuelan relations, Secretary called for review of bilateral issues which could be conducted at any time. Said Middle East may cause him to delay tentatively planned February visit to Venezuela and other Latin American countries but he expressed hope visit could be concluded prior to April 16 opening of OAS General Assembly which the Secretary looked forward to attending. He said that ties of GOV to LDC's and US to Europe and across Pacific could complement each other without either country abandoning its own interests. Secretary asked Foreign Minister to convey his warm personal regards to President Perez whom he referred to as dynamic leader.

5. Escovar, for his part, expressed understanding of Congressional procedures regarding trade bill, he recommended best forum for carrying forward "new dialogue" was OAS, organization in need of philosophical and political change. Escovar found idea of bilateral review excellent and one which could be conducted through our embassies. Foreign Minister stressed OPEC was economic, not political, and that Venezuela sought new economic order, not a policy of hostility toward US. Foreign Minister regretted lack of dissemination in US of Latin American and Venezuelan viewpoint.

6. MemCon follows.

Kissinger

389. Telegram 2668 From the Embassy in Venezuela to the Department of State¹

Caracas, March 10, 1975, 2111Z.

2668. Subj: Venezuela's Aspirations for International Leadership. Department Pass all Ara Posts. Buenos Aires for Secretary Rogers.

Begin Summary:

Venezuela, fast emerging as a Hemisphere power, is engaged in an ambitious drive, utilizing its oil wealth, to assert leadership in Latin American political and economic affairs and to expand its influence in the Third World. Despite the anti-US tone of President Perez's vigorous efforts to establish a "New International Order," should the US choose openly to combat its formation, which implies a stronger and more unified Latin America, the US risks not only harming its interests and relations with Venezuela, the Hemisphere and the Third World, but also of stimulating the hostility of a potentially new and competitive power center. A possibly historic challenge is thus facing the United States, which this embassy believes can best be met by intensifying US dialogue with Venezuela and the rest of Latin America in order to promote US interests in the Hemisphere and beyond, as well as to guide our evolving relationship from confrontation towards cooperation.

End summary

1. Shortly after Carlos Andres Perez was elected President of Venezuela, he made public his intention to use Venezuela's leverage as an important petroleum supplier as his major foreign policy "instrument" (but not, he said, as a "weapon") on order to obtain for his country economic and commercial benefits as well as modern technology. In the year since he became President, Perez has gone considerably further than this, having moved rapidly to capitalize upon the opportunities in international affairs presented by Venezuela's oil wealth and surplus revenues if not, in fact, as a "weapon," certainly as an increasingly effective "instrument" to assert for Venezuela broad leadership in Latin American political and economic affairs, and also to expand Venezuela's influence in the Third World.

2. In dealing with the United States, Perez has adroitly exploited the energy crisis to support the creation of a "New International Order" in which raw material-producing countries, especially in Latin America,

¹ Summary: McClintock recommended that the United States intensify bilateral dialogue with the Venezuelan Government in response to its campaign for regional leadership and a new economic order.

Source: National Archives, RG 59, Central Foreign Policy File, D750084-0084. Confidential. Repeated Priority to Buenos Aires.

would receive a fairer price for their exports, thereby legitimatizing the high price of oil and other raw materials. In this connection, President Ford's and other US officials' energy statements and, more recently, the OPEC exclusion feature of the US Trade Act of 1974 provided targets of opportunity for Perez both to gain domestic political support and to further his leadership role in the Hemisphere against US "coercion". This has strained US-Venezuelan relations, although Venezuela insists it is anxious to avoid "confrontation" with the US over energy matters. At the same time, nationalization of the US-owned iron industry, accomplished at the beginning of 1975, and nationalization of the largely US-owned oil industry, scheduled for later this year, are domestically popular issues which, although they probably would have been pursued by any Venezuelan President at this juncture, build up Perez's credentials as a strong nationalistic leader unafraid of the US in the eyes of Latin America, OPEC and the Third World.

3. In his political relations with Latin America, President Perez seeks to catalyze the unity of all Latin America as a coherent group able to defend its interests effectively vis-à-vis the United States and other developed countries. This accounts for Venezuela's efforts to lift OAS sanctions against Cuba and Venezuela's resumption of relations with that country. In recent months Perez has launched a strenuous diplomatic offensive to offer friendship, cooperation and support to his Latin American fellows, concentrating on his smaller or closer neighbors, including the Caribbean area. Venezuela was an organizer of the November 1974 Quito conference on Cuba (and suffered the principal onus for the failure of that meeting); Perez played a prominent part in the Ayacucho sesquicentennial celebrations in December; was host to the meeting of Central American Presidents in Venezuela the same month; and has proposed a meeting of Caribbean heads of state and later of all Latin American Presidents during 1975. Perez has sent personal emissaries to most Latin American countries and is receiving a swelling stream of high-ranking foreign dignitaries. In March, following a "triumphal" return from the OPEC chiefs of state conference in Algiers, he is scheduled to visit Mexico and Panama and probably Argentina, and he may make further official visits in the Hemisphere this year. He may also meet with Fidel Castro later on in 1975. He has publicly given emphatic support to Panama in its Canal negotiations with the US. In late March or early April 1975 the army chiefs of Argentina, Bolivia, Chile, Colombia, Ecuador, Panama, and Peru will confer in Caracas. All of these developments, although perhaps not deliberately contrived, may diminish the lustre of Secretary Kissinger's announced visit to South America. To me the President has frequently complained of the Secretary's alleged "Olympian indifference" to the Latin Western Hemisphere.

4. With respect to the OAS, Perez seems less interested in vitiating its activity than instilling among the Latins a sense of unity so as to place dialogue within its framework on a more equal basis. He was the main instigator of the special OAS council meeting which unanimously voted against the US on the Trade Act of 1974. Postponement of the March Buenos Aires MFM, largely at Venezuela's instigation (an action publicly justified by passage of the US Trade Act of 1974), testifies to the success of Venezuela's efforts both to draw Latin America together in order to negotiate more effectively with the more developed countries, particularly the US, and to augment Venezuela's influence looking toward a stronger, more united hemisphere.

5. It should also be noted that there is a tendency among Venezuelan labor leaders to favor the formation of Latin American Trade Secretariats and a Latin American Labor Central which would exclude the US labor movement and possibly lead to the abandonment of Orit. And in April, at the invitation of Venezuela's petroleum workers federation, representatives from the Petroleum workers unions in all the OPEC countries will meet in Caracas to demonstrate labor solidarity among the OPEC countries.

6. In his economic relations with Latin America President Perez aims at expanding Venezuela's power base in the area while at the same time promoting Latin solidarity by strengthening the hand of raw material and commodity producers in their economic relations with the industrial powers, especially the US. In order to facilitate these objectives, Perez has felt he must dissipate the animus against Venezuela as a rich country, some of whose wealth is being acquired at the expense of its poor neighbors. Besides providing large sums for development assistance and international lending, Venezuela has acted to neutralize the oil price issue in Latin America by offering help to the Central American countries to alleviate the impact upon them of the high cost of oil and to assist them in stabilizing foreign exchange earnings from coffee. Venezuela is also negotiating bilateral petroleum arrangements with Peru and Argentina, with probably more Latin and Caribbean countries to follow. These deals are ostensibly designed to ease their balance of payments difficulties and also make money available for much-needed development, but they also inescapably entail those countries' greater dependence on Venezuela.

7. Frustrated by the dominant role played by Brazil, Argentina and Mexico in LAFTA, Venezuela has chosen, principally for political considerations, to assume an active leadership role in the Andean Pact and to reaffirm Caracas as the Pact's financial center. Venezuela is also undertaking a number of bilateral and multilateral economic initiatives in the Caribbean. Meantime, Perez has not hesitated to utilize such issues as the US Trade Act to deflect Latin attention away from the high price of

petroleum. Perhaps most significantly of all, in order to institutionalize Latin American economic solidarity, Venezuela is co-sponsoring with Mexico formation of a strictly Latin American Economic System (SELA), apparently with some success. Despite reservations in the Hemisphere concerning SELA, Venezuela appears thoroughly committed to the concept and organization of SELA, which the GOV has described as of the "utmost importance" and which may be used to expand the use of Cartel-type operations to other commodities in addition to oil.

8. In dealing with the Third World, President Perez seeks to gain both influence, by projecting in international forums, especially the UN, the image of Venezuela as an underdeveloped country, and prestige by portraying himself as the Latin American spokesman for developing countries, as opposed to the developed nations, especially the US. This is well illustrated by Venezuela's espousal of the creation of a "New World Order" to redress grievances of the developing nations. By paradoxically joining in the vanguard of the "poor" against the "rich", Venezuela and other newly-rich OPEC countries hope to create a solid front to deflect criticism of their privileged status. Thus, although oil-wealthy Venezuela would appear to be an increasingly strange bedfellow with the underdeveloped Third World, in strictly economic terms, the Venezuelan government has apparently decided that Venezuela's long-term political as well as economic interests are better served by a diplomatic strategy of identification with the LDC's.

9. The evidence adduced in this analysis clearly indicates that Venezuela as a country and Carlos Andres Perez as a President intend to do their utmost to occupy the center stage in multinational forums since in most such forums the United States and the industrialized countries will be consistently outvoted by the Third World countries. Venezuela can thus at least superficially count on a number of parliamentary victories even though it and its adherents may lack the political and economic power to give these resolutions real substance. However, the diplomatic fact remains that increasingly we risk being publicly defeated by Venezuela as a leader (A) of the Latin American Republics and (B) of the lesser developed countries. In consequence, our best diplomatic strategy, as indicated below, will be to seek to get into the clinches with Perez and his government on a bilateral basis and not to be picked off at long-range in multinational forums where the majority will consistently vote against us.

10. It is a cardinal point of Perez's foreign policy for Venezuela to enter into diplomatic relations with all nations, regardless of political orientation, in order for Venezuela to build bridges to (and gain possible allies with) as many different states as possible. Thus, since Perez became President, Venezuela has instituted diplomatic relations with such diverse countries as North Korea, East Germany, Bulgaria and Gambia,

besides Cuba. The President has also received invitations to visit France, Romania, Spain, Mainland China and Yugoslavia during 1975. In international organizations and conferences Venezuela is now currying favor among the Third World by taking a much more independent (and hardline anti-US) stance. Venezuela's increasing identification with Third World aspirations is likely to be reflected during the forthcoming Law of the Sea Conference in Geneva.

11. Finally, Perez does not hesitate to exploit his country's position as a founder-member of OPEC. Unity with OPEC is the first line of Venezuela's oil price defense, and Perez and his advisors know that if the organization falters, Venezuela's nearby markets could be swamped with highly competitive Middle East Petroleum. To reassert Venezuela's solidarity with that organization Perez with much fanfare attended the OPEC Chiefs of State meeting in Algiers in March.

12. This Embassy has already presented its policy recommendations in favor of frank, sustained and productive dialogue with the Venezuelan Government to further US bilateral interests with Venezuela (Caracas 11246, Nov 13, 1974) and CASP for FY 75–76. This is being accomplished, with encouraging results, and the Embassy is gratified that bilateral talks have begun in Washington. In the message referred to, the embassy noted that while President Perez's assertion of leadership may be privately resented by some of his neighbors, none is likely to dispute it so long as he professes to speak for their general interest and has the money, oil and other resources they need. However, Venezuela's leadership ambitions will not alter the fact that the Latin countries, most especially the larger ones, will continue to determine their own policies according to their particular needs and interests.

13. The United States presently experiencing a profound readjustment in its relations with Venezuela and the Hemisphere as a new balance is being struck between the colossus of the north and its hitherto weak neighbors to the south. If the effort to forge a solid Latin American front prospers (which of course cannot be taken for granted), new circumstances will create important if not historic challenges for the United States. These will include the possibilities of formation of New Latin American institutions and practices based upon an adversary position to the US; problems in the supply of energy and raw materials to the US; obstacles to US investment in Latin America; erosion of US influence in the OAS and other international organizations and disruption of the traditional friendship between US and Venezuelan labor groups. On the other hand, evolution of greater Latin American solidarity—which may be inevitable whether led by Venezuela or not—offers the possibility of a more mature and lasting relationship between the US and a more responsible Latin America, less dependent on the US for development and assistance.

14. As far as Venezuela's own aspirations as a spokesman for Latin America and the Third World are concerned, the US must bear in mind that Venezuela is a quintessentially nouveau riche country, strongly if at times ignorantly led, and passing through a period of rapid change and effervescent nationalism, but thrusting forward to secure its place in the sun without the experience or maturity in the larger arena of foreign relations which would otherwise temper its impetuosity. If the essence of effective diplomacy is the ability to adapt to changes in the political and economic environment, then in dealing with Venezuela the US should be wise and skillful enough to exercise tact, forbearance and imagination in intensifying our bilateral dialogues with Venezuela and the Latin American countries in order to promote specific US interests in the Hemisphere.

15. In particular, our response to Venezuela's leadership ambitions must be subtle and careful. If we choose openly to combat greater Latin American unity, the US risks harming its highly important interests in Venezuela and exacerbating its relations with the Hemisphere (and the Third World). In addition, it would risk fortifying the anti-US bias inherent in the development of greater Latin American solidarity and stimulating the hostility of a possible new and competitive Hemispheric power center. If, on the other hand, the US openly endorses this solidarity drive, the US could be accused of "paternalism" toward Latin America and might have to accept blame should Latin American unification fail.

16. We recommend as a better course a watchful but silent posture with respect to Venezuela's current leadership drive, while intensifying bilateral dialogues with Venezuela and other Latin countries to ensure the US new opportunities to guide Venezuela and the Hemisphere away from confrontation and towards cooperation. Over a century and a half the relationship between the US and Venezuela has been one of love-hate, like a marriage with no possibility of divorce. Over that period the material advantages in US exploitation of Venezuelan oil and iron have been dramatically on the American side. It is therefore little short of the miraculous that the new president's policies have in fact not as yet hurt us, and with restraint and skillful diplomacy we may yet succeed in building a more enduring nexus of mutual interest.

McClintock

390. Memorandum of Conversation¹

Washington, May 10, 1975, 8:15 a.m.

SUBJECT

U.S.-Venezuelan Relations

PARTICIPANTS

VENEZUELA

Ramon Escovar Salom—Foreign Minister of Venezuela

Dr. Miguel Angel Burelli Rivas—Ambassador of Venezuela to the United States

Simon Alberto Consalvi—Ambassador of Venezuela to the United Nations

US

The Secretary

William D. Rogers—Assistant Secretary, ARA

William H. Luers—Deputy Assistant Secretary, ARA

Thomas W. Sonandres—Chief of Venezuelan Affairs (Notetaker)

Anthony Hervas—Office of Language Services (Interpreter)

The Secretary: (On balcony) Good morning, Mr. Minister. It is very nice to see you again. Mr. Ambassador (Ambassador Consalvi), I understand that you have read my books. A *London Times* reviewer years ago pointed out that it is not a question of Henry Kissinger being a great writer, but that he requires great readers.

Amb. Consalvi: I am a very good reader.

The Secretary: Why don't we require everyone attending the OAS General Assembly to read one of my books?

(Ushering the Minister to the Madison Room breakfast table) I am very appreciative for your understanding of the cancellation of my trip. I don't know if you comprehended that the events which caused it were totally unexpected.

The Minister: We know that you have to face unexpected events. Our response was calm.

¹ Summary: Kissinger and Escovar discussed the trade bill, Panama, the Paris producers-consumers conference, Cuba, and the OAS.

Source: National Archives, RG 59, Central Foreign Policy File, P820125–0215. Confidential; Nodis. Drafted by Sonandres. The conversation took place in the James Madison Room at the Department of State. On April 23, President Ford informed Pérez that Kissinger was cancelling a planned trip to Latin America because of the “tragic events in Indochina,” adding that he had asked Kissinger to give high priority to rescheduling the trip. (Telegram 93044 to Caracas; *ibid.*, Central Foreign Policy File, [no film number]) Kissinger's March 1 Houston speech is published in the Department of State *Bulletin*, March 24, 1975, pp. 361–368.

The Secretary: I appreciated how you handled the situation and your understanding. There are no headlines when Venezuela makes a calm statement.

The Minister: Calmness does not produce headlines. It was unfortunate that you couldn't go, but understandable why you could not.

It (the explanation for the trip cancellation) demonstrated that you understand Latin America. We know that you want to go and that you can do a great deal.

The Secretary: I'm thinking now of visiting Latin America in August, if you consent.

The Minister: I think that this is fine, in principle. However, at the end of August we are planning a meeting of chiefs of state.

The Secretary: Of Latin America?

The Minister: Yes.

The Secretary: May I come as an observer?

The Minister: Perfect. It is not a meeting against the United States. Moreover, if you are present . . .

The Secretary: I'm going to the Arab Summit meeting. I've seen some Arab ministers more often than they have seen each other. However, there are two possibilities—either you change your summit meeting or I change my trip. I'll discuss this with an open mind.

The Minister: There is a third possibility. You could come as an observer.

The Secretary: I can give a better anti-US exposition than you can. Pass your resolutions against the US Congress and we will support them. Note the candidate (Assistant Secretary) Rogers is supporting for Secretary of State. (Senator) McGovern has five supporters in the country for his presidential candidacy and Rogers is one. One of these days I'll have to select an assistant secretary who supports administration policy.

The Senate has opened diplomatic relations with Cuba. The trouble with (Prime Minister) Castro is that if he continues to give each visiting senator a gift, a few prisoners, a few million dollars, what will he have left to give us when we begin negotiations? He's got a real problem over what to give to the United States Government.

The Minister: It is a problem which has become very complicated. Previously, we had to deal with the power of the United States Executive Branch. Now, we understand that it is also important for us to deal with the United States legislature, to present it with the Latin American viewpoint.

The Secretary: When Senator Javits was preparing to visit Cuba, I was in New York to give a speech. I said there that my opposition was

not with the Senator's trip to Cuba, but to his coming back. He didn't talk to me for several weeks.

Seriously, we basically encourage these visits which help create public interest and spread the responsibility. However, it is best that there is only one Secretary of State.

The Minister: We are extremely interested in relating with the Congress. We would like to improve our image in the United States.

The Secretary: Senator Kennedy has, beginning with the days of his brother, made important contacts in the Department of State. He telephones me, beginning the conversation with reference to a cable number. Since the Department is based upon not showing me any action cable of importance, I don't know what he is talking about.

It is important for Latin America to be understood.

The Minister: This is our interest too. We want to reach the US Congress. We want to be a mature country. For this reason, we are interested in your visit. You can carefully analyze events and can reach very intelligent conclusions. In spite of the days of (Presidents) Roosevelt and Kennedy when there was interest in Latin America, there was never anything concrete implemented. This was due to the inexperience of Latin America and also to the lack of experience of the United States and to the too mechanical US interpretation of the facts.

The Secretary: This was one of the errors of the Alliance for Progress.

The Minister: What troubles us now is the position of the United States after Vietnam. Will the reaction be one of harshness or one more tranquil and receptive? We have seen elements of this reaction in your public comments, but it is not always easily understandable what to expect next.

The Secretary: Let me put it this way. After Vietnam, we cannot yield to any other pressure. On the other hand, we see it crucially important that we build a new international system in which a larger number of countries participate, a system in which justice is more evenly distributed. If countries choose to deal with us through confrontation, we will not react in a conciliatory fashion. Progress is not produced by confrontations.

The Minister: We strongly agree.

The Secretary: This certainly will be our policy so long as this Administration is in office and it won't change in another Administration.

The Minister: There is anxiety, not only in Venezuela but in Latin America, that the great power of the United States, which has been, in a sense, withdrawn from Asia, will be concentrated in this area of the world in an inflexible manner. In this context, I think that the

anxiety over Panama is a very interesting question of the moment. I think the world could benefit from some deflating (*desinflar*). The United States would be in a good position, with regard to Panama, to engage in deflating. Next year is the 600th (Note: translation error) anniversary of the Congress of Panama and the world would like to see the resolution of the issue this year.

The Secretary: 600th?

Mr. Luers: Sesquicentennial anniversary.

The Secretary: What?

Mr. Luers: 150 years.

The Secretary: I thought that Venezuela had perhaps come up with a new theory of history.

With regard to Panama, I'll tell you exactly our position. The Administration wants to conclude the treaty and I think that we have the framework in which it could be mutually accepted, but we have massive opposition in the Congress and we have to take massive action to avoid that there be difficulties on Panama in the Congress. If there are delays in the course of our transactions, they are to further our objective. Frankly, the worst which can happen is to bring pressure against us now. The Administration does not need it and the Congress will react the other way. I think that we can manage. We also have opposition from our military. It requires some careful handling. We are now meeting in the government on this issue this week. I will try to move it to conclusion this year.

The Minister: I would be prepared to make contacts in the Congress.

The Secretary: It would help.

The Minister: What we need to do is to dialogue with both branches of the (US) government.

The Secretary: Not for long. In the long run, we cannot tolerate every country lobbying in our legislature. It (lobbying) could become intolerable. If it does, we are going to make it into a political issue next year. We don't object if a foreign minister expresses his point of view, but only if this does not detract from the normal course of our relations. (To Rogers:) Has the Minister seen Congress? I don't mean to object. This is fine.

The Minister: There is no need to worry. It is our political task to deal in states where there are varied political factors. The need for dialogue (with the Congress) was made obvious by the passage of the Trade Act. I understand your position and, if I were you, would feel the same way.

Another problem which worries me is the US view toward integration. It is important that each time we talk about LAFTA or the Andean Pact it is understood that we are not talking against the United States.

The Secretary: You usually are.

The Minister: Not always. I read your Houston speech. I saw that you referred to the identification of Latin America with Latin America and against the United States. Although I recognize that this Latin American identity is primary, the United States has, at times, helped us to exercise it. There are two reasons (for this identification characterization). First, as the Secretary knows, it existed in Latin America prior to Independence, a generalized identification due to being part of the Spanish Empire. In the last few years, it has expressed itself in economic independence, an expression which I use in prudent terms, because it is clear what it means. In spite of the distinct regimes in Latin America—military dictatorships as well as democracies, we concur to a great extent that this is what really identifies us, notwithstanding what the Secretary said in his Houston speech. I think that it is very important to be aware of our goal of seeking economic independence. I believe that we are providing consistency and firmness to this Latin American position.

I would like to make a very specific reference, in concrete terms, to the Venezuelan case; that is, the reaction to the nationalization of petroleum. We believe that the nationalization which we are now undergoing of the iron ore and petroleum properties is a model of democratic nationalism. I state this with little modesty. It is without revolution, without chopping heads and within juridical norms.

The Secretary: We have recognized this. I substantially agree with your position. We have had no problem with you on this. On Latin American integration, we think that it is principally a Latin American problem. We didn't like the holding of a Latin American caucus prior to the OAS meeting as it turns the General Assembly into a confrontation. We don't object to other efforts to integrate Latin America. We don't object to the meeting (of Latin American chiefs of state) you described. We may object to a speech, even a Venezuelan one, but not to the concept. It is more popular in Latin America to be critical of the United States than to be in support. This is a fact of life.

Amb. Burelli: More or less.

The Secretary: I've been struck by the warm, personal friendships (between government leaders) upon which to build better relations. We are not in principle against Latin American integration. It should lead to some form of cooperation between the United States and Latin America. However, we understand that there has to be a process of construction first.

The Minister: Now, the moment is excellent. We have to seek a new form of cooperation. Your assistance in our fertilizer, food, agricultural production would be useful. This might be the best opportunity we have. I would like to suggest a certain reevaluation of certain

principles on which our relationship is founded. For example, when we discuss multinational corporations, when we regulate their conduct, we should reevaluate the concept of ethics. We have common, historical principles and a common independence movement. In this case, the Bicentennial of the United States offers a good opportunity, one in which to think of means of cooperation between the United States and Latin America. Your own (personal) political health can help in this effort. We know that you can contribute ideas and imagination.

The Secretary: If you want to say good things about me to the Congress, I take back what I said earlier.

The Minister: In the case of Venezuela, we are a mature country. We have learned through experiences similar to those of the United States and England. We consider that we have passed through the milk-fed stage—(after translation) I was curious how *lactante* would be translated. Democracy is a very brief phenomenon but a very important one which gives us a good pedagogical experience. It is useful in our relations with the United States, Latin America and the Third World. In spite of everything stated against democracy, the fountain-head of democracy is still respected throughout the world. Here, Venezuela can act as a bridge.

The Secretary: I agree very much. It is a reason why our relations with Latin America and with Venezuela in particular are so crucial to us now. But, if I may be frank, ideally we should be able, if not to agree, at least to cooperate in some of the international forums being created. For example, we are, in principle, very eager to have prior consultation before something like the (Paris) producers-consumers conference. On the other hand, at the conference itself, Venezuela very often joins with the most radical group. At Paris, Venezuela was closer to Algeria than to us. If relations between the developed and developing world are to become those of bloc confrontations, then, sooner or later, the rule of power will prevail. This would be a disaster for the developing countries. It is not logical to presume that the developed nations will remain paralyzed forever. I don't want to get into the issues of the Paris conference. They are capable of solution. We do not oppose discussing raw materials although we cannot discuss all issues at the same time. We think at some point that the conference will begin again. But we also think that we should have bilateral contacts as we do with Iran. It is natural for the United States and Venezuela to be in some regular contact. Of course, we don't expect you to be our spokesman. We will still have disagreements. It is not even desirable, for either of us, to agree, for then some great speeches would never be made. One idea which has occurred to me is that we should discuss scientific, technological, and, occasionally, political themes. This could be through a bilateral joint commission as in the Middle East. It could allow a more

natural and informal contact. We cannot do this with every country, but we thought that it could be done with Venezuela, which is in a crucial position between the developed and the Third World.

The Minister: We are fully in agreement.

Amb. Burelli: But we already have one.

The Secretary: But we can enlarge upon it. (Note: After the meeting, Mr. Rogers explained to the Secretary that bilateral talks had begun between the Department and the Venezuelan Embassy, but that nothing akin to a joint commission had been formed.)

The Minister: We have a group in the Foreign Ministry of qualified personnel including representatives of the opposition, at least of the principal opposition party.

The Secretary: Take the Paris preparatory conference. Preliminary talks could have resulted in our taking several of your ideas seriously and, perhaps, your taking a few of ours seriously. That conference was premature. We are prepared to talk about commodities, but you undoubtedly will agree that we cannot discuss all commodities. It was like the (UN) Special Assembly, it accomplished nothing.

The Minister: Undoubtedly.

The Secretary: A schedule could be set up on each commodity.

The Minister: I think that we are embarked on a path toward solution. The problem of the conference was that it tended to be too ecumenical. Like the Ecumenical Council of the church, it needs time.

The Secretary: Some developing countries call for cooperation but at a conference seek confrontation. There only can be one or the other. Some developing countries think that they can get individual advantage by maneuvering, but this will not work either. Anyone can engage in rhetoric, but, sooner or later, he must face concrete reality.

The Minister: I would like to add, with regard to our relations with Algeria, that they must be seen in the Third World context. They do not prevent Venezuela from making its own points or from holding discussions with the United States.

The Secretary: I think that this is important. The degree to which the pressure of the non-aligned is becoming a solution in and of itself. The moment could come when the most cohesive alliance is that of the non-allied which could produce a counter-organization.

Let me make an aside. I personally like the Algerian leaders, especially (President) Boumediene. My experience there has been that he has his problems in resolving what he says publicly with what he is prepared to do realistically. I blame myself for not speaking with him before the Paris conference. The Europeans confuse him. They do him no favor by not telling him the truth. I already think that Boumediene is a good man, but the position which he takes depends upon the

advice he receives. We must prevent the elevation of rhetoric. I think that we have to set up a more formal structure which can be helpful. There is no reason for confrontation. We have no reason to split Venezuela off from her friends. You are mature enough to know what are your own interests. So, if we can proceed on this basis, it would be useful.

We'll send Rogers to some meeting. He never says much.

The Minister: We agree. I understand that there are some subjects which we can discuss. I don't want to take up too much of your time, but with regard to the OAS, there is the matter of Cuba. What produces unnecessary concern are the leftist groups in Latin America taking it as a cardinal problem, a crucial issue. I understand that prevailing criteria, that of you yourself, is to seek that the matter is not resolved now. I would express our concern that the matter be settled as soon as possible. Venezuela is not engaging in any escalation of rhetoric.

The Secretary: It has escalated to a pretty good level already. Rogers will apologize for me later.

The Minister: I would like to state that the Inter-American system, the OAS Charter, the Rio Treaty, as they function now, are rather inefficient in solving this irritating problem. I cannot analyze the internal domestic problem of the United States, the internal factors which operate. However, finding the way to resolve Cuba and other bilateral and multilateral issues would clear the way for your own Latin American trip. This could be done before you go to Latin America. This is of the greatest interest now, here at the General Assembly. As it stands now, it will be an innocuous meeting.

The Secretary: The best way out of this dilemma is to put the issue to a special meeting, in June if you want. At that conference, we would vote to permit each nation to maintain the pursuit of its own policy. This can be taken up before I go to Latin America, but we don't think Washington is the best place to make this decision.

The Minister: I think that you underestimate Washington.

The Secretary: But this could be done in the next six weeks. We would be in a position to agree to arranging such a meeting. We would support both procedural solutions and the result at the conference.

The Minister: I think that this position is very positive, even though I am not aware of what internal factors are involved. Our concern is with an OAS decision. Its prestige has deteriorated and could be weakened still more. Its weakening is not good, neither for the United States nor Latin America.

The Secretary: The OAS can grant powers to a special organ of consultation and we would all have the matter going in the right direction. The meeting could be in June.

The Minister: This could renew the new dialogue. There are disadvantages. There are great expectations at this (OAS) meeting that we are going to find a magical formula for the Charter and the Rio Treaty. I personally believe that we should be conservative in modifying the norms of the OAS. We can object extensively to the watch mechanism of the OAS, yet not produce anything better. Since there is no great thing which will result from the Assembly, the resolution of the Cuba issue would give a great psychological expression to it. I emphasize the psychological because Dr. Kissinger gives great significance to psychological factors. We must also grant new value to this aspect. We must not give the impression of rigidity to gain time. I will have to consult with the President of Venezuela.

The Secretary: Do so. We are prepared for a solution in June.

Mr. Rogers: We can comment on this now.

The Secretary: We can issue a statement at this (General Assembly) meeting.

The Minister: This could be done in a fashion so that we do not create the image of dilatoriness.

The Secretary: We could discuss all reforms of the Charter and Rio Treaty and ratify them too.

The Minister: Possibly.

The Secretary: Why don't you consult with your President?

The Minister: I agree.

The Secretary: What else? The secretary generalship of the OAS. If there is an impasse, I shall be the candidate. The State Department would unanimously support me. I've now reached the point where I only occasionally swear in an ambassador who doesn't want my job. I swore in one ambassador who wanted it. He held a press conference before the swearing in saying that he wanted the job and then again afterwards at another. But, do you have any ideas? We are interested in your position.

The Minister: We haven't decided. We are consulting. Monday perhaps, maybe tomorrow we will have a position.

The Secretary: We are not supporting any candidate.

The Minister: We can discuss this point.

The Secretary: On the boat?

The Minister: Monday I'll be seeing you.

(Rising) I think that we are on a positive road.

The Secretary: I've been very pleased with the meetings which we've had. I think that we are developing a good relationship. We think that a strong Venezuela pursuing its own policy is in our interests. We want to maintain rational positions. (Escorting the Foreign Minister to the elevator and then to the Diplomatic entrance)

The Minister: I had a good talk with Ambassador Shlaudeman before coming to the United States.

The Secretary: I'm pleased. He's a good man.

The Minister: Until later, Mr. Secretary.

The Secretary: Good-bye.

391. Telegram 118884 From the Department of State to the Embassy in Venezuela¹

Washington, May 21, 1975, 2119Z.

118884. Subject: Strengthened Bilateral Relations With Venezuela.
Ref: State 091364.

For Ambassador Shlaudeman

1. As you are aware, Secretary's letter to Escovar (reftel) suggested strengthened and more effective bilateral relations. Proposal was outgrowth of prior Luers-Einaudi visit to Caracas and conversation with Foreign Vice Minister John Rafael who was left expecting that we would be back to him with specific proposals as to what forms we see an expanded and improved collaboration taking.

2. Our intention in this initiative is to probe, using the building block approach, for climate and common ground to dialogue and work out areas of cooperation. We will go half-way, even somewhat beyond, to express our interest and identification with Venezuelan aspirations. What technology or other assistance we may offer will be on basis of working at Venezuela's side, not directing. Dialogue is a two-way street, of course, which GOV, if it buys concept of proposal will have opportunity to demonstrate.

¹ Summary: The Department informed Shlaudeman of specific ways the U.S. Government intended to improve its relations with Venezuela.

Source: National Archives, RG 59, Central Foreign Policy File, D750178-0941. Confidential; Priority; Exdis. Drafted by Sonandres, Luers, and Devine; cleared by Einaui, Low, Hitchcock, Nieburg, Katz, Wood, and Einhorn; approved by Duemling. The April 4 memorandum of conversation between Luers, Einaudi, and Pérez in Caracas is *ibid.*, P830117-1845. On April 21, Kissinger sent a letter to Escovar proposing the establishment of a mechanism for strengthening bilateral ties. (Telegram 91364 to Caracas; *ibid.*, P850056-1619) On May 20, Escovar informed Shlaudeman that he thought agricultural development, nutrition, and fertilizer development were some of the areas the mechanism could address. (Telegram 5334 from Caracas, May 22; *ibid.*, D750181-0133)

3. Our general thinking in approaching this new relationship includes following:

—In following up the Secretary's letter and as the result of the fruitful discussions that Luers and Einaudi held during their visit to Caracas, we have concluded that there are a wide variety of areas in which the US and Venezuelan Governments can improve their collaboration.

—This collaboration could take the form of increased communications at senior levels of Government, increased consultations between our respective delegations prior to and at international meetings, bilateral cooperation between our two governments on specific projects or programs, and continuing bilateral talks between the Venezuelan Embassy and the USG and between the GOV and American Embassy in Caracas.

—The areas mentioned during the Luers-Einaudi visit as potential candidates for increased cooperation through specific projects and programs included agriculture, fertilizer production, transfer of technology, technical assistance, cultural and educational programs, and assistance to third countries. Our feeling here in Washington is that most or all of these areas could become the basis for fruitful activities, but that much previous work remains to be done to establish priorities, modalities, and availability of resources.

—Our procedural concept has been that Embassy Caracas and appropriate Venezuelan Government Ministries would initiate discussions, possibly supplemented by USG-Venezuelan Embassy talks, which could be followed by a second stage of exchange of higher-level official visits. The US proposes that these initial discussions aim at establishing an ad hoc working group between our two governments the leadership of which would be at the sub-cabinet level. The group would be given a clearly delimited period, perhaps six months, to prepare recommendations to both governments on steps that can be taken in specific areas to bring about closer collaboration and consultation.

—We do not wish to bring about exaggerated expectations on either side of what can be achieved by the working group and would not therefore press for any publicity.

—We do, however, consider that the working group could be an important means of improving communications between the US and Venezuela and of defining areas of potential cooperation.

4. FYI. The Department would expect that our side of any eventual working group would be headed at the Assistant or Deputy Assistant Secretary level with representatives from Agriculture, Treasury, USIA, AID, and possibly interior or other agencies. We also would not neces-

sarily expect that exchanges between the various counterpart elements of the working group would take place at one time.

5. More FYI: If high level economic consultation mission of some or all of department officials Robinson, Enders, and Fishlow, now under consideration, takes place with Brazil, we [are] prepared to have one or more members visit Caracas on way to or from Brazil. In addition, IO would hope to repeat successful pre-UNGA consultations with GOV of last summer again this year. End FYI.

6. As reporting cables indicate, both the Secretary and the Deputy Secretary spoke to Escovar about this concept of a strengthened bilateral relationship. Fon Min reacted positively, said he would be seeing you soon after his May 20 return to Caracas—perhaps at luncheon—and would discuss with you formation of GOV-Embassy group to plan future relationship. This cable is intended provide you with useful background and guidance for that discussion.

Ingersoll

392. Telegram 6441 From the Embassy in Venezuela to the Department of State¹

Caracas, June 23, 1975, 2045Z.

6441. Subject: Meeting with the President—Petroleum Nationalization.

1. Summary: President Perez expressed the hope that the USG would, as nationalization of the petroleum industry goes forward, distinguish between its own interests and those of the companies, while separating the problem of the organization of the petroleum industry here from our differences over oil pricing and OPEC. He said that the companies are obstructing the process of nationalization by pressure

¹ Summary: President Pérez and Ambassador Shlaudeman discussed the impending nationalization of the private-sector petroleum companies operating in Venezuela.

Source: National Archives, RG 59, Central Foreign Policy File, D750218–0547. Confidential; Priority; Exdis. Article 5 of the prospective law to nationalize the petroleum industry in Venezuela would allow for mixed government-private enterprises (which could include foreign-based companies) after the nationalization had taken place. (Telegram 6030 from Caracas, June 11; *ibid.*, D750204–0334) On August 29, 1975, Pérez signed a law nationalizing the assets of private-sector oil companies operating in Venezuela, and the next day he signed a law establishing a state-run company that would take full responsibility for the nation's oil industry on January 1, 1976. (Telegram 9282 from Caracas, September 5, 1975; *ibid.*, D750308–0367)

tactics and unreasonable negotiating positions. His particular fear is that they will end up taking their claims to the Venezuelan courts, a move he believes would be seriously disruptive. The President has concluded that he must now take a hand himself in the negotiations and plans to talk personally to the companies.

2. I told the President it is our position not to inject the USG into these negotiations and that we are not acting as anyone's silent partner. I did remind him of our concern with respect to compensation and said quite frankly that I could foresee differences arising between us on that front. The President reacted favorably to my suggestion that he include the smaller concessionaires in his talks with the companies.

3. Throughout the conversation Perez reflected the prevailing nervousness here over nationalization and its consequences. He has so far mishandled the project politically, allowing the opposition parties to seize the initiative and create a national debate over future foreign participation in the oil industry. But much more serious for the President and his government is the prospect of trying to operate a nationalized industry under poor competitive conditions and without the cooperation of the big companies. A less fearful and more businesslike atmosphere would be to our advantage as nationalization goes forward since excessive emotion is likely to produce defiant gestures harmful to our interests and those of the companies. End summary.

4. I spent about 90 minutes alone with President Carlos Andres Perez over breakfast at his residence (La Casona) on June 21. We touched on a number of matters, but petroleum nationalization was very much on the President's mind and he kept coming back to that topic.

5. Perez said he hoped the USG would distinguish between the US national interest and the companies' interests, and not simply automatically support the latter as a powerful if silent partner. Clearly, in his view, the two governments must address the larger issue of maintaining the relationship between a dependable supplier (Venezuela) and its principal market (the U.S.). We should find some way to treat this issue on a higher plane, free of interference from the narrower concerns of the multinationals. Above all, the President said, "We should keep distinct and separate the problem of the organization of the petroleum industry in Venezuela" on the one hand and our differing views with respect to oil pricing and OPEC on the other.

6. Referring to the successful nationalization of the iron-mining industry, Perez argued that a similarly smooth and equitable transition to state ownership of the petroleum industry would be very much to the long-term advantage of the US, establishing a useful precedent and demonstrating that "violent" expropriations are not necessary. However, he asserted, the companies are "obstructing" the process.

Creole in particular has taken a hard line. Its proposal contemplates guaranteed liftings of only 600,000 B/D as opposed to the company's "normal" volume of 1.4 million B/D. Perez thought that offer was clearly a form of pressure designed to frighten the GOV.

7. In addition, the President asserted, the companies have intimated that they might claim compensation for reserves in the ground—a totally "unacceptable" concept as far as the GOV is concerned. Finally, the companies seem to have in mind "renting" to the GOV by means of contracts, the foreign technicians now working for them. The Venezuelan side can see no reason why these technicians should not simply continue as they are under the same conditions of employment, and without any middleman role for the companies.

8. Perez said he knows full well that Creole's tough approach reflects an initial negotiating position which, as customary in such bargaining, may be modified in time. But his fear is that the gap between the two sides will prove too wide, the negotiations will founder and the companies will take their cases to the Venezuelan courts. If that were to happen, in his opinion, the nationalization process would be seriously disrupted to the disadvantage of both Venezuela and the US. The President concluded that it is now time for him to take a personal hand in the negotiations. He said he plans to call the companies in at an early date.

9. As for the reversion legislation now in the Congress, Perez complained bitterly that Copei is playing the game of the extreme left. It is ridiculous, he said, to argue that Venezuela can run its oil industry without outside help. In his view, mixed companies will particularly be needed for the exploitation of the Orinoco Tar Belt, which, unlike some of his countrymen, he does not regard as a "sealed box" to be left unopened indefinitely. The President thought it would be impossible for Venezuela to develop this resource on its own "now, in 10 years, or even in 20." (He obviously does not share the optimistic view of indigenous technological progress offered by Gumersindo Rodriguez—State 144760.) Mixed companies would force the purveyors of Foreign Technology to share the risks involved, thus insuring their interest in efficient operations. This principle had been applied against the company's wishes in the case of the takeover of U.S. steel's briquetting plant.

10. In response to all of this, I first noted our position against becoming involved in negotiations of the kind the GOV is conducting with the oil companies, a position that reflects our basic system in the United States. I could assure him that we are not involved, as manifested by the fact that I had had no previous knowledge of Creole's 600,000 B/D offer. This did not mean, of course, that I was not prepared to discuss the issues with him as he might desire.

11. I pointed out that the basic USG concern is with compensation and told the President quite frankly that I could foresee problems arising between us in that respect. For example, the situation of the smaller concessionaires is potentially troublesome, in part because they have been ignored so far by the GOV and see little future for themselves here. On that point the President said it is his current intention to leave all the operating companies just as they are for the time being; i.e., presumably all the concessionaires could continue to participate in Venezuela's industry in conformity with whatever general formula is developed and under the umbrella of the "holding company" to be headed by General Alfonso Rivard. (This would be contrary to numerous previous indications that the GOV plans to "consolidate" the smaller operations.) The President also said he would include the smaller concessionaires in his own forthcoming talks with the companies (para 5).

12. As for the local controversy over the reversion legislation and Article 5, I said I simply do not understand it since the difference between mixed companies and "association contracts" would not seem to amount to much in practical terms.

13. On leaving, I again assured the President that I would be available at any time to discuss any of these issues in the spirit of accommodation we both want to strengthen.

14. Comment: The President, along with just about everybody else I have seen here, is exceedingly nervous about nationalization. Politically he has mishandled the entire project by appealing to Copei and its leftist partners for a "consensus" before the fact. That mis-step created an essentially sterile national debate over "mixed companies" and painted the GOV into a corner where every move toward reasonable arrangements with the concessionaires will bring cries of "sell-out." (Perez told me he is now trying to turn this corner by inspiring realistic statements on the problem of operating a nationalized petroleum industry from businessmen, academics and professionals—elements hitherto largely silent.)

15. But what most worries the President, and serious Venezuelans of all kinds, is the prospect of trying to operate this complex industry in an unfavorable international competitive climate and without the support of the big companies. Here the President is caught between the political requirements imposed by the forces of nationalism and the underlying national interest in an efficient and profitable oil industry. We will want to keep this prickly situation in mind over the months ahead. It seems particularly important to me that we resist any temptation to exacerbate the prevailing nervousness. Nationalization is going to come in any case. If it comes in an atmosphere of fear and emotional defiance we are likely to find the consequences unpleasant.

Shlaudeman

393. Telegram 214126 From the Department of State to the Embassy in Venezuela¹

Washington, September 9, 1975, 2109Z.

214126. Subject: OPEC Oil Price Decision.

1. You are requested to deliver the following letter from President Ford to President Pérez as soon as possible. Quote: Dear Mr. President: I wish to present for your consideration my concerns on an issue of great importance to relations between developed and developing countries, and to the well-being of not only our two countries but all the nations of the world.

Since the consumer/producer preparatory meeting in Paris last April, the United States has made a major effort to re-establish a basis for dialogue and cooperation between the nations of the developing world, including those which export oil, and the industrialized nations. We have undertaken a fundamental review of our overall policy toward the developing countries. This review has resulted in a new approach to the producer/consumer dialogue that responds more fully to these nations' concerns, particularly those raised by your government's representatives and other delegations during the Paris meeting. Since Secretary Kissinger articulated the general outlines of this new approach in speeches in Kansas City and Paris in May, we have made much progress in establishing the constructive understandings necessary to promote further mutually beneficial cooperation among the nations of the world. Furthermore, as you know, we have made a number of important specific proposals for cooperation at the current special session of the United Nations General Assembly.

The economic dialogue will be a centerpiece in the new evolving relationship between the industrial and developing nations. We are pleased that our efforts, and those of your government and others, have succeeded in establishing a consensus for its resumption. Over

¹ Summary: Ford informed Pérez that he thought an OPEC oil price increase could damage the world economy, and he urged the Venezuelan President to attempt to convince the OPEC nations not to increase oil prices.

Source: National Archives, RG 59, Central Foreign Policy File, D750312-0063. Confidential; Immediate; Exdis. Drafted by Creekmore; cleared by Enders, Luers, and Sorenson; approved by Kissinger. Kissinger's May 1 Kansas City speech is in the Department of State *Bulletin*, June 2, 1975, pp. 713-719. Kissinger's May 26-28 speeches in Paris are in the Department of State *Bulletin*, June 23, 1975, pp. 837-844 and 849-855. On September 26, Springsteen, in a memorandum to Scowcroft, summarized Pérez's September 23 response to Ford, in which he stated an increase in oil prices would not have a significant effect on the world economy. (Ford Library, National Security Adviser, Presidential Correspondence with Foreign Leaders, 1974-1977, Box 5, Venezuela, President Carlos Andrés Pérez)

the past months, we have clearly demonstrated our commitment to a constructive dialogue and our belief that its success requires each participant to recognize and take full account of the vital interests of the others.

As you can appreciate, the progress which we have made in developing the new U.S. position has required considerable consultation with interested groups in our society in order to create a greater public awareness of the concerns of the oil producers and other developing countries and the need for cooperative solutions to our common economic problems. I am concerned, however, that this greater public understanding will be jeopardized should the member countries of OPEC increase the price of oil this fall. I do not mean to indicate that such action by OPEC would cause us to question our fundamental commitment to the dialogue. However, it would inevitably tend to affect support in this country for new solutions to international economic problems.

Another oil price increase by OPEC would also have a significant negative impact on the economics of all the oil importing nations—both developed and developing—at the very time that signs of progress in the fight against recession and inflation are appearing. Such a price increase would impose shocks on the U.S. economy, on the more vulnerable economies of Europe and Japan, and on the highly fragile economies of the developing world. It would at the very least reduce the progress toward economic recovery, and could in fact plunge a number of countries into extremely serious difficulties.

It is because I am aware, Mr. President, of your sensitivity to the interdependence of the world economy, of the high priority which you and your government give to promoting the welfare of all the developing countries, and of your commitment to a successful economic dialogue between developed and developing countries that I am asking you to weigh heavily the adverse effects—both psychological and real—which a price increase could have. It is my hope that you will use your considerable influence among the producer countries to assure that these concerns be properly emphasized and that the possible consequences be understood—not least of which is hindrance of movement toward the broader objectives which all of us seek to achieve.

For my part, you can be assured of a continuing determined effort to bring our two countries closer together, both in our bilateral relations and in cooperative efforts to solve broader world problems of mutual concern. Sincerely, Gerald R. Ford. His Excellency Carlos Andres Perez, President of Venezuela, Caracas. End quote.

2. Report when delivery effected.

Kissinger

394. Telegram 241105 From the Department of State to the Embassy in Venezuela¹

Washington, October 9, 1975, 2028Z.

241105. Subject: Démarche to Venezuelan President on Oil Nationalizations.

To the Ambassador from the Secretary

1. I have reviewed and approved the instructions developed at your meeting with the Deputy Secretary and the bureaus concerned and accordingly request you to make the following points ASAP to the President of Venezuela.

2. The USG has followed the process of nationalization of oil in Venezuela with great interest and understanding. We remain hopeful of a mutually satisfactory settlement with all of the companies. We appreciate that a continuing, post-nationalization role for the companies is projected, and that Venezuelan oil will continue to flow to the U.S. Because of our joint interests, this is a prospect we welcome and wish to encourage.

3. It does not, of course, follow that our two governments have a common view about appropriate standards of compensation. We do not agree with the standard of compensation set out in the Venezuelan law. At the same time, we recognize and respect the fact that Venezuela differs.

4. We particularly wish to emphasize at this point the importance of negotiating ongoing contractual relations with all companies regardless of size. The President will appreciate the problems that would be posed for the USG should it turn out that the largest producers are given attractive contracts while smaller producers receive very much

¹ Summary: The Department instructed the Embassy to present the U.S. position on compensation for the expropriated assets of private oil producers.

Source: National Archives, RG 59, Central Foreign Policy File, D750351-0761. Secret; Immediate; Exdis. Drafted by Schwebel, Fishlow, Farer, and Hart; cleared by Ingersoll, Rogers, Enders, and Leigh; approved by Kissinger. Repeated to Jidda, Kuwait, and London. Ingersoll and Shlaudeman met on October 6; no record of the meeting has been found. (Memorandum from Rogers to Ingersoll, undated; *ibid.*, ARA/NC Records, Lot 76D465, Petroleum Nationalization, Venezuela, 1975) In telegram 9518 from Caracas, September 11, the Embassy reported that in calculating the compensation due to expropriated oil companies the Venezuelan Government intended to deduct depreciation and amortization, workers' benefits, debts to the Venezuelan Government, the value of oil extracted beyond each company's assigned reservoirs, and the value of properties which the Ministry of Mines determined were subject to the 1971 Reversion Law. (*Ibid.*, Central Foreign Policy File, D750315-0613) In telegram 10672 from Caracas, October 13, the Embassy reported that the Venezuelan Government made a formal offer of compensation. If the companies did not accept within 15 days, the Venezuelan Government would ask the Supreme Court to determine the amount of indemnification. (*Ibid.*, D750355-0389)

less or no contracts at all. We seek equity for all producers. The contracts should be of substantial duration or renewable at the instance of the companies.

5. In our view, deductions from the payments to be made pursuant to the Venezuelan law should be made in an equitable and fair fashion. In particular, in our view:

(A) For some of the companies, outstanding claims for drainage are quite substantial in amount. In light of the facts that drainage was unavoidable, did not give rise to liability at the time it occurred, that at least in certain cases drainage claims had been settled by agreement with CVP for compensation to be amortized over the remaining life of the relevant concession, and our understanding that the GOV uniformly endorsed contracts providing that, in the event of the premature termination of the concessions, drainage claims would lapse, we believe that deductions ought to be nominal.

(B) For all of the companies, there is concern that the bonds received as payment will constitute yet further reduced compensation. In general, it would seem to us unfair if the bonds were of such duration or the rate of interest so low as to reduce compensation significantly.

(C) The requirement that a proportion of the bonds be placed in a guaranty fund should not work so as to further diminish the real compensation afforded the companies.

(D) The failure to provide the companies credit for the bonuses which they paid the GOV for the rights to explore and produce in cases where exploration resulted in commercial finds could generate problems with the companies if significant in amount.

6. For AmEmbassy London: We are also contemplating raising the question of compensation for American holders of overriding royalties. We separately shall ask you to explore with HMG whether it is prepared to make such an approach on behalf of British nationals who are such royalty holders, since we are inclined to raise this with the GOV if HMG would be willing to do so. Details follow septel.

Kissinger

395. Telegram 248521/Tosec 160064 From the Department of State to Secretary of State Kissinger¹

Washington, October 19, 1975, 1913Z.

248521. Tosec 160064. Subject: Petroleum Reversion—Démarche to the President. Ref: State 241105.

1. Summary. President Carlos Andres Perez responded in a forthcoming manner to the démarche I carried out in accordance with the Secretary's instructions. He said he would look at the various problem areas of the various companies and might want to meet again with me next week in the company of the Minister of Mines and the President of Petroven. It is most important if we are to maintain the President's confidence that the oil companies not get word of this démarche.

Action requested. If another meeting does occur I might be pressed on the specific problems of specific companies. I am disinclined to go beyond today's generalized presentation but would appreciate the Department's guidance. End summary.

2. I breakfasted alone with President Carlos Andres Perez this morning (October 19) and took the occasion to carry out the Secretary's instructions in the reftel.

3. In covering each of the points in order (Paras 2-5d of reftel) I stressed our concern that all companies receive fair treatment and that all wishing to do so have the opportunity to continue in Venezuela under equitable conditions. I told him quite frankly that if one or more companies perceive an element of discrimination in the process we could have problems between us. Carlos Andres heard me out without interruption, only offering a smile when I came to the fact that the two governments are in disagreement with respect to what is an appropriate standard of compensation.

4. The President in response conceded that perhaps not enough attention had been given to the problems of the smaller producers. He

¹ Summary: Shlaudeman informed the Department that he had delivered a démarche to Pérez on compensation for expropriated U.S. oil companies.

Source: National Archives, RG 59, Central Foreign Policy File, D750363-0152. Confidential; Priority; Exdis. Drafted and approved by Matteson. Kissinger was in China from October 19 to October 23. On October 28, all but two of the U.S. petroleum companies subject to the oil nationalization law accepted the Venezuelan Government's compensation offer. (Telegram 11240 from Caracas, October 29; *ibid.*, D750375-0513) The Venezuelan Government indemnified the expropriated companies approximately \$1.03 billion. (Telegram 11992 from Caracas, November 19; *ibid.*, D750403-0398) The Venezuelan Congress gave final approval to the compensation agreement on December 16. (Telegram 13199 from Caracas, December 18; *ibid.*, D750441-1151) Telegram 241105 is published as Document 394.

said it was the intention of the GOV to maintain relations with all the companies that want to continue here. He noted that the element of “profit” in the contracts under negotiation represent an inducement to that end.

5. On drainage, the President acknowledged the extreme difficulty of applying equitably this controversial provision of the law. The problem has been political, with the opposition highlighting the USSE by fabricating a law suit advancing huge claims for drainage (Caracas 10317). The President said he had been forced into a difficult “maneuver” to replace the judge in the case who was on the point of issuing arrest orders against a number of company presidents. He had also asked the French National oil companies to provide a technical opinion on the drainage question, fully expecting that such an opinion would be favorable to the companies. After the French declined there was no choice but proceed under the law, seeking the least onerous formula. In the President’s view, the deductions now indicated come to only a small fraction of what might have been taken—amounting in total, he said, to less than 200 million bolarivares.

6. With respect to the compensation bonds, the President expressed satisfaction over what he took to be a resolution of the issue. He thought the bonds as tax-free instruments would be highly negotiable and attractive to investors. He thought it to Venezuela’s advantage in the international money market to issue such good paper rather than the heavily discountable bonds initially contemplated. (I did not tell him so but the companies we have talked to seem at least moderately satisfied by the concessions the GOV has made in this area.)

7. The President said that the GOV is examining ways to liquidate the guarantee fund at a more rapid rate than initially intended. As for the amortization of concession bonuses, the President acknowledge that some companies were being penalized rather heavily for having received concessions at a date too late to permit full amortization. But he saw no method of providing relief under the law.

8. I responded to these comments by suggesting that the reactions of the companies affected by one or more of these problems could be skewered if they thought they were being treated unfairly overall. It seemed to me that each case should be examined individually in that light. The President asked me for specifics. What cases did I have in mind and what were the problems involved? I said we were far from familiar with all the details of all the company situations. However, we were aware of particular difficulties in some instances. I mentioned Amoco, Sun and Chevron, while noting that this was by no means a complete list. The President said he would check with the minister of mines on the various problem areas of the various companies and that he might want to ask me to meet later in the week with the Minister, the President of Petroven and himself to go over this ground again.

9. Comment. Carlos Andres reacted dispassionately and even with a touch of conciliation to my presentation. My guess is that he was reflecting what of late I have detected to be a strong personal sense of confidence in the smooth passage of nationalization. I suspect that he has not been kept fully informed on the problems of the smaller companies or that they have not put forward their positions with sufficient candor and detail. In that sense the *démarche* was probably particularly timely. My hope is that it will suggest the possibility of adjustments in the more difficult cases, particularly on the fee-per-barrel side.

10. It should be clear, however, that the cordial and forthcoming attitude of today's meeting could change very rapidly. The President manifested his concern on several occasions over the occidental affair which he sees as a threat to all the companies and to his ability to deal with them on an even-handed basis. He is troubled by the "irresponsibility" of the opposition as particularly demonstrated by Copei's exploitation of the anti-US, anti-MN line. (He specifically criticized Caldera and his "unnecessary" attack on the oil companies last August—Caracas 8105.)

11. Is is my most devout hope that word of this *démarche* will not repeat not reach the oil companies. The President brought up with me again the apprehension he feels whenever engaged in confidential discussion with USG. He is nothing less than appaled at what he believes is our inability to prevent leaks of private exchange with other governments. If we keep his confidence we could have some effect on the nationalization outcome; if we fail on that score we surely will not.

12. Action requested. I was somewhat distressed to find myself pressed on the names of companies with problems. I gave as little as I could in the light of the President's frank and forthcoming attitude. If another meeting is convoked he and his colleagues may well ask for more specifics. My inclination is to decline to go beyond the generalized presentation of today but I would appreciate the Department's guidance on that point.

Shlaudeman

396. Memorandum of Conversation¹

Caracas, February 17, 1976, 8:30 a.m.

SUBJECT

Breakfast Meeting between Secretary Kissinger and President Perez

PARTICIPANTS

US

The Secretary

William D. Rogers, Assistant Secretary for Inter-American Affairs (Notetaker)

Venezuela

President Carlos Andres Perez

Foreign Minister Escovar Salom

The Secretary: You know Mr. President, Rogers' party may in fact win.

Perez: Well I have to admit we have more faith in the Democrats.

The Secretary: But the fact of the matter is, Mr. President, they're not always competent in the field of foreign policy.

Perez: In Latin America, however, people have the feeling that the Democratic Party cares more. There has traditionally been more to their policy on Latin America. Roosevelt was a great leader. He seemed to have respect.

The Secretary: Well, I have worked for several Democratic presidents. And on the whole the foreign policy of Democratic presidents has often not been competent. They have had no theory. Now in terms of internal social policy, I am perhaps closer to the Democrats. And the same may be true of the economic aspects of our foreign policy.

Perez: It is a disturbing thing to contemplate the exercise of world leadership by people who do not understand the world.

The Secretary: There is a definite ambivalence in the American people at the present time. They loved Moynihan because he seemed to talk firmly. But the American people don't like it if policy leads to

¹ Summary: Kissinger and Pérez discussed regional issues, in particular Cuba and Panama.

Source: National Archives, RG 59, Central Foreign Policy File, P820117–0876. Confidential; Nodis. Drafted by Rogers; approved by Covey on March 8. The meeting took place at Pérez's residence, La Casona. On February 16, Kissinger and Pérez discussed inter-American relations and Panama. (Ibid., P820117–0886) In a second February 17 conversation, they discussed oil, and Middle Eastern and Soviet politics. (Ibid., P820117–0990) Kissinger was in Caracas during a February 16–24 Latin American tour that included stops in Venezuela, Peru, Brazil, Colombia, Costa Rica, and Guatemala. Kissinger's February 17 speech to the U.S.-Venezuelan Symposium II in Macuto, Venezuela, is printed in the Department of State *Bulletin*, March 15, 1976, pp. 313–321.

crises. There is the most virulent anti-communism among the same Congressmen who scream no intervention. They try to suggest we use our economic aid to punish the Russians. But they are distinctly ambivalent. Take JFK for instance. I thought he was intelligent but a leader needs a sense of direction.

Perez: The problem in Latin America is what does the United States want of Latin America, and what does Latin America want of the United States.

The Secretary: Some Latin American leaders seem to feel it essential for their political responsibilities to kick the U.S. from time to time. Mr. Rogers will apologize to you tomorrow for my saying so.

Perez: I want to tell you quite frankly that we are very much afraid about the Caribbean. That is to say, Williams evidently feels the same way about us, that he has to kick us from time to time.

The Secretary: The last time I saw Williams, he advanced a very interesting theory about international law. He felt he ought to have 200 miles. And he was prepared to start measuring the 200 miles from the farthest oil derrick under his jurisdiction. I accused him of harboring the notion that he would put an oil derrick in Florida waters.

Perez: There is also a contradictory sentiment in Latin America. Power, you should understand, creates both an attraction and a fear. We are afraid because there have been interventions. Anti-U.S. attitudes are strong. And they are manipulated constantly by the ideologically committed and the terrorists. The big question is how to meet this threat. In one instance, the ex-Christian Democratic youth has protested your visit. This is all a way of conducting politics. The Christian Democratic Party will not say anything but they use youth to insinuate that COPRI is opposed to your visit.

The Secretary: You know, this is too bad in connection with the visit because the U.S. press will report that Latin America is against us.

Perez: You need to demonstrate the interest of the United States in maintaining its important relationships with Latin America.

The Secretary: This is a difficult problem. I've said a hundred times that we regard Latin America as of great importance to us and this is all very well as a general proposition. But the real problem is how do we do something concrete, because if we don't figure out something on which we can all go to work, the whole discussion degenerates into rhetoric. The Alliance for Progress had its problems but it certainly enthused people to do something. The problem is now how do we work together.

Perez: We must systematize our relationships. In the first instance, we have to improve our bilateral relationships. In the second, the US also has to pay attention to the community of Latin America, and

to the integration sentiment of the region. Integration is a growing movement. Latin American attitudes favor it.

The Secretary: I'm going to propose in my speech to the Symposium that we work with SELA and particularly that we try to work with them on transfer of technology.

Perez: This is good. But, at the same time since technology involves the free enterprise system in the United States, it raises the problem of the recent scandals of the TNEs.

The Secretary: I agree. It's absurd. I condemn bribes. But for the most part, these people have done nothing illegal in the United States. They are being held to an abstract moral principle.

Perez: The Europeans are certainly a good deal less scrupulous along these lines.

The Secretary: Look what happened to the royal family. Bernhard has been severely hurt.

Perez: Then there's the issue of agriculture. I am glad to see that the provisional fund is developing. What we are interested in is the carrying on of investigatory research in Latin America. You proposed this in Houston. We want to follow through.

There is another problem and that is trade. Your law really hasn't affected Venezuela in its pocket, but it has done grave moral damage. I speak also of the Hickenlooper Amendment. I realize it is the parliamentary system that is at fault. Your Congressmen don't understand us and Congress does great damage to our relationship.

The Secretary: Congress is out of control. We have to have strong leadership. Any pressure group can alter Congress' direction.

Perez: The United States did very badly with respect to the Cuban move in Angola. Castro is clearly an adventurer. But the matter was poorly handled by the United States because it didn't listen to our advice.

The Secretary: I agree with you. I have to emphasize that I take Latin America seriously. But sometimes the style of politics here is confrontational. It is hard to develop a relationship like ours and Europe. In human terms, our relations with Latin America are in fact warmer than with Europe, but our relations with Europe have a constancy which doesn't exist in Latin America.

The President: What we need is to have systematic exchanges. I agree this is important. It is true that a President here, if he gets too close to the United States, is subject to public accusation. But we must cut the Gordian knot.

The Secretary: Take Echeverria. He gives a blood curdling public speech about the US and then he'll send a private letter to me saying that we shouldn't pay too much attention to what he said publicly.

Perez: We need more cooperation between the United States and Venezuela. I'm looking forward to reading your speech. You are right that there is more than the issue of consultation. We must have evidence that we are really treating our problems. Another major issue is the mosaic of politics in the region. Legitimacy is a major concern for a number of countries. Which raises an important question of whom the United States should deal with in such countries as Argentina and Chile. Real leaders and truly representative persons are hard to find. We must solve this problem of legitimacy.

The Secretary: We will help. Tell us occasionally what you need. With the best of intent, we sometimes lack imagination.

Perez: First, as to Cuba. We meet in the wake of a major active intervention. U.S. support is important. In the missile crisis we supported the United States totally. This was not so in the Dominican Republic case. On détente, in Latin America, we're beginning to have a problem with the relaxation of tensions with Castro. He is responding; his language is better. We are concerned about the possibility of a surprise in the announcement of new U.S. relationships with Cuba, as well as by a surprise news announcement of an invasion. In either case, we would find ourselves in a difficult position. We need more consultation. We urged you to move at Quito. What would have happened, I ask you, if at Quito the United States had, in fact, improved its relations with Cuba. Might this have changed things and avoided Angola?

The Secretary: I don't agree with that [at] all. Quito was a Latin American failure, in the first instance. In the second, we have had contact with Cuba. It knows we were prepared to normalize relations. We were prepared to follow the same pattern of evolving relationships that we used in China. Cuba went into Angola, after the Costa Rican meeting. I don't think Quito provoked them. We had private messages which we sent through intermediaries which went much farther than our speeches.

I don't care really much who runs Angola. But when a little country sends 10,000 troops across the water, we are now forced to demonstrate that they can't do it again. We are not going to provoke them. But what we are afraid of is that once they have done it in another part of the world, they will do it in Latin America.

We realized that U.S. policy toward Cuba two years ago was not right. So we moved systematically to change it. I even discussed the possibility of meeting with Castro.

Perez: Something of the same thing happened to me. The Prime Minister of Guyana sent word suggesting a meeting with Castro to talk about the Caribbean. I responded that I would probably meet one day with Castro but Angola would not permit us to think seriously

about altering our relationship now. Later I was sent a message that there was an attempt against my Government by the United States. I gave this no credit. But as to Burnham, Castro has convinced him that Brazil might invade him with a helping hand from the United States.

The Secretary: Mr. President, as to any report that we were going to make an attempt against your government, it's not true. That should be obvious enough. It's not been reported in the *New York Times*, and these days if something isn't in the *New York Times*, it's not true. Seriously, however, it is easy for other countries to create difficulties in the Western Hemisphere. But as to your government, we have every reason to help it. You are an authentic popular leader. So the idea that we would move against you is a total lie. There are absolutely no CIA activities in your country of any sort like this.

Perez: I didn't take it seriously when it was first mentioned to me.

The Secretary: But the problem of Guyana is a serious one, particularly in their apparent willingness to refuel Cuban aircraft.

Perez: I am concerned. It is a small country but it is a spiny problem. I have told them that I can't go through with any plan to supply them with oil at lower costs now because of Cuba. But I can't create too much of a problem as far as Guyana is concerned because I want to avoid a reaction against Venezuela from the other black Caribbean states.

The Secretary: I had great admiration for De Gaulle. He knew that a country must move straight ahead. But the French are now prepared to recognize the MPLA. In our view, we feel there is no point in moving too quickly on the MPLA. We're prepared to adjust over time, but not immediately.

Perez: What about Cuba and Panama.

The Secretary: If Panama identifies itself with Cuba, we will have to stop it, even if it leads to war.

Perez: I am grateful for your frank assessment. We tried to prevent the rapprochement of Cuba and Panama because we said to Torrijos that this would oblige the U.S. to respond with hostility. Of course we would have to show solidarity with Panama throughout all this. But we tried to hold them back.

The Secretary: I am quite persuaded we can settle the problem with Panama and I think it's also fair to say that Torrijos behaved rather well in Cuba.

Perez: Torrijos has told me that there are two issues remaining. One, the duration of the treaty and, two, the lands and waters issue. As to duration, he takes the position that the treaty should not extend beyond the end of the century. If we can make any contribution to the solution of either of these problems, we would be glad to do so.

The Secretary: We can solve this bilaterally. On duration, we're quite close. But we can't say what the final result is going to be. I do know, however, that Panama is an explosive issue in the United States. Our effort must be to facilitate the possibility of a treaty. We are moving the negotiations along. I hope to have a treaty before the end of the year.

Perez: How will you arrange this. I'm prepared to talk to Torrijos any time I can be of help. In spite of all his defects, Torrijos is a man who is trustworthy. He wants to resolve the problem of the Canal. And he regards it as the problem of the Canal and not the problem of the U.S. We all know that failure would damage the relations of the United States with all of Latin America.

The Secretary: This time next year we'll have a treaty to present to the Congress.

Perez: I'm also concerned about Peron. She has recessed the Congress and I think this is very dangerous. It's very unstable in Argentina. She is discredited.

Escovar: She doesn't understand politics. I met her once. She had a good man in Robledo and he's gone.

Perez: I think you're wise not to go to Argentina. But your visit to Peru on the other hand is very important. They have been tempted to confrontation but Morales Bermudez is a moderate. These are, however, difficult times for him. We are negotiating a possible oil loan to Peru. And the Minister of Foreign Affairs has proposed the reduction of military expenditures which is a healthy sign. There is also the problem of Chile. The Bolivian outlet to the sea is the one really promising solution. The Bolivians and the Chileans are ready to exchange territories. The problem is Peru. Perhaps during your visit to Lima you could ask if the United States could do anything, and say you would be happy to help if you could.

The Secretary: I'll do that and let you know what Morales Bermudez says.

Perez: This is very important in Peru. We are thinking about \$50 million of economic aid in the form of central bank note purchases. Peru has a very serious balance of payments problem. Morales Bermudez is making some progress in Peru towards democracy. And they need the relations with you. What is needed is a cooperative agreement on military aid among all the countries. The prices of conventional weapons are going sky high.

The Secretary: I'll get involved. I look forward to seeing you shortly, Mr. President.

397. Telegram 2062 From the Embassy in Venezuela to Embassy in Brazil¹

Caracas, February 20, 1976, 2048Z.

2062. Subject: Military Assistance to Venezuela.

1. Summary: The FMS problem referred to by Carlos Andres Perez in conversation with you comes down to the provisions of the Venezuelan constitution prohibiting the GOV and its entities from submitting to the jurisdiction of foreign courts. Treasury insists that the proposed credit agreement assign jurisdiction over any future litigation to District of Columbia courts. A related problem is Dante Fascell's effort to eliminate grant MAP training funds from this year's foreign assistance act. I believe we serve our national interest by continuing modest training and credit programs. But I note that we are better off allowing FMS credit to vanish because of a legal dispute than we would be in confronting a finding by the Congress or the administration that Venezuela is too rich to qualify. End summary.

2. I understand that President Perez raised with you at breakfast on Tuesday his disappointment over our inability to provide FMS credits to Venezuela this fiscal year. The background to this issue follows.

3. We offered \$17 million in FMS credits last fiscal year in the form of a guaranteed loan from the Federal Financing Bank (FFB), a dependency of the Treasury Department. The loan agreement provided that any litigation arising from the contract would take place exclusively in District of Columbia courts. The GOV's comptroller general informed the Ministry of Defense that this provision could not be accepted since the Venezuelan constitution limits the resolution of disputes involving government entities to the national courts or international tribunals.

¹ Summary: Schlaudeman informed Kissinger that the United States and Venezuela had been unable to conclude a Foreign Military Sales agreement because of disagreement over a provision in the financing arrangements. The Ambassador added that Pérez wanted access to equipment in order to keep the officer corps content, and he suggested that a modest program of credits and training was in the national interest of the United States.

Source: National Archives, RG 59, Central Foreign Policy File, P840125–2528. Confidential; Immediate; Exdis. Repeated to Rio de Janeiro and the Department. Kissinger was in Brasilia on February 20 as part of his Latin American tour. On January 26, the Embassy informed the Department that if FMS to Venezuela were cut, the U.S. Government should reassure the Venezuelans that a lower level of military sales would not indicate declining interest in the maintenance of close relations with the Venezuelan armed forces. (Telegram 940 from Caracas, January 26; *ibid.*, D760029–0849) No record of the reported February 17 Kissinger–Pérez discussion of the FMS issue has been found.

4. The Ministry of Defense then suggested reverting to the practice employed in previous direct FMS credit agreements with DOD: i.e., simply omitting any reference to possible future litigation. Treasury rejected this proposal, asserting that no exceptions could be made to the standard provisions of FFB's loan agreements. Nor would treasury entertain substituting recourse to an international tribunal. Treasury maintained that the insistence on District of Columbia venue was unrelated to its continuing opposition to the extension of any FMS credits to Venezuela—opposition based on the judgment that “no economic justification” can be found for such credits and that their denial would have no “lasting negative impact on efforts to improve bilateral relations with the GOV.”

5. We were thus unable to conclude an FMS credit agreement in FY '75. The congressional presentation document submitted to the congress last October 30 sets an FMS credit level of \$16 million for FY '76. But as matters stand the venue issue will once again block agreement. It is my understanding that no FMS credit will be requested for Venezuela in FY '77.

6. A related issue is the attempt in the congress initiated by Dante Fascell to eliminate \$800 thousand in MAP training from the FY '76 foreign assistance act. Fascell's point is that Venezuela can afford to pay for its own military training, but the armed forces here see the move as another hostile act comparable to the adoption of the OPEC clause in the Trade Reform Act. I am told that we hope to prevent a similar move in the Senate and will work to have the conference committee drop the Fascell provision from the final version. An additional complication has surfaced in Congressman Vanik's contention that the Hickenlooper Amendment might have been so triggered by Venezuela's “expropriation” of the oil industry.

7. Comment: Carlos Andres Perez worries intermittently about his military. Venezuela has, after all, enjoyed less than 20 years of non-military rule in all its history. He hopes we will give him a hand in keeping the generals and colonels more or less content. FMS credits offer a useful instrument to that end because, unlike private credit or cash sales, they can be contracted without congressional approval and the public debate with the marxists possibly entailed in that process. The military are prepared to pay commercial interest rates and thus would not likely be impressed by Treasury's argument that FMS credits represent economic assistance.

8. My own view is that we have a continuing national interest in providing modest military credits and training. The armed forces are going to be a critical element of this society for a long time to come. Their relationship with the U.S. has been historically good and has, I believe, served during the last 15 years or so to support the establish-

ment of a stable, democratic system of government. I find it difficult to foresee much of the traditional relationship surviving our withdrawal of credit and training facilities.

9. I should note, however, that if we are to eliminate Venezuela from the FMS list, it is far better to do so on the basis of this narrow legal dispute than in response to a judgment by the Congress or the administration that this country no longer qualifies for military credits. In the first instance we fade away more or less gracefully; in the second we face a repeat of the damaging affair of the Trade Reform Act.

Shlaudeman

398. Memorandum of Conversation¹

Washington, April 8, 1976, 2 p.m.

SUBJECT

Niehous Kidnapping and Owens-Illinois Expropriation

PARTICIPANTS

Brent Scowcroft, Assistant to the President for National Security Affairs
Senator Robert Taft
Edwin Dodd, President, Owens-Illinois
John Marsh
Stephen Low, NSC Staff

¹ Summary: Scowcroft, Low, Senator Robert Taft, and Edwin Dodd of Owens-Illinois, Inc., discussed the kidnapping an Owens-Illinois executive in Venezuela and the Venezuelan Government's threat to expropriate the company's holdings there after the company acceded to the kidnappers' demands.

Source: Ford Library, National Security Adviser, Memoranda of Conversations, Box 19, April 8, 1976, Scowcroft, Senator Robert Taft, Edwin Dodd (Owens-Illinois). Confidential. The meeting took place in Scowcroft's office. In telegram 2340 from Caracas, February 28, the Embassy reported on the February 27 kidnapping of Owens-Illinois managing director William Niehous. (National Archives, RG 59, Central Foreign Policy File, D760075–0832) Niehous's kidnappers demanded an increase in the wages of Owens-Illinois' employees in Venezuela and the publication of their manifesto. (Telegram 3919 from Caracas, April 6; *ibid.*, D760129–0599) On April 6, the Department informed the Embassy that Owens-Illinois complied with both demands, publishing the manifesto against the wishes of the Venezuelan Government. (Telegram 81910 to Caracas, April 6; *ibid.*, [no film number]) In telegram 3976 from Caracas, April 7, the Embassy reported that Owens-Illinois representatives had been told by Venezuelan Government officials that the company's assets would be nationalized. (*Ibid.*, D760131–0469)

Mr. Dodd reviewed the history of the Niehous case, from his kidnapping on February 27 to the events of the last two days. He described the situation as reported, adding two further points. The company had information that the Government of Venezuela had been in direct contact with the kidnappers without informing the company. It was only when the GOV completely rejected the kidnappers' demands through this separate confidential channel that it became evident to the company that it must take steps if Niehous' life was to be saved.

Mr. Dodd also made clear that the company had discussed the possibility of publication of the manifesto in the foreign press with the GOV which had responded, "We would frown on your publishing it elsewhere." Mr. Dodd said that the company understood the GOV could not approve publication. It had interpreted this relatively mild reply to mean that it would receive a rap on the knuckles, but nothing more. Therefore, the company did not expect as severe punishment as it received. He said he understood that President Perez could not publicly or totally back down from his initial statement and asked for US Government help in getting the President to moderate his position.

General Scowcroft explained the difficulties of dealing with the problems of Niehous' safety, discouraging further kidnapping, and the expropriation issue. He noted that Ambassador Shlaudeman had met with President Perez on Wednesday evening, expressing our displeasure with the use of expropriation as a sanction against the company. He noted, however, President Perez felt very strongly the need to react firmly against terrorism but said that Perez had told the Ambassador that he had no desire to persecute Owens-Illinois. He told Mr. Dodd that we understood the company's problem and would be as helpful as possible.

Senator Taft asked whether expropriation for this purpose would not encourage further kidnapping and terrorism. The General fully agreed and noted that our Ambassador had made this point to President Perez.

Mr. Low pointed out the danger of any publicity being given to US representation to President Perez which would make it more difficult for him to back away from his initial position.

399. Action Memorandum From the Acting Assistant Secretary of State for Inter-American Affairs (Ryan) to Secretary of State Kissinger¹

Washington, May 27, 1976.

Foreign Military Sales Credits (FMS) for Venezuela

The Problem

You told Venezuelan President Carlos Andres Perez last February in Caracas that you would look into the legal impasse which has prevented the Venezuelan Government from utilizing its \$17 million FY 1975 and \$16 million FY 1976 credit allocations.

Background/Analysis

The impasse stems from the court venue clause of the standard text of the FMS loan agreement which allows Treasury's Federal Finance Bank, the entity charged with administering FMS, to select either a Venezuelan or a District of Columbia court to adjudicate litigation arising from the agreement. The Venezuelan Government interprets its Constitution as prohibiting it from accepting the clause whereas the FFB insists upon its inclusion. Ambassador Shlaudeman set forth this problem in a February 20 message to you (Tab 3).

There was no impasse prior to 1975 when the Defense Department, then charged with FMS administration, omitted the disputed clause on the premise that Venezuela's excellent credit rating made potential default or litigation remote. In 1975, the Federal Finance Bank, which then became the agent for virtually all FMS credits, insisted upon a standard text for its loan documents containing the venue clause to which Venezuela objects. Despite requests by Defense and State last summer and again last month, Secretary Simon has steadfastly maintained that no exception to that text would be made.

A new aspect of this case is the willingness of the Defense Department to extend a \$10 million direct credit to Venezuela, a procedure not involving FFB financing or the disputed clause. Under Secretary

¹ Summary: Ryan laid out three options for Kissinger on providing direct FMS credits to Venezuela.

Source: National Archives, RG 59, Central Foreign Policy File, P840125–2520. Confidential. Sent through Maw. Drafted by Sonandres and Williams on June 3. Stern, Ganz, Lewis, Eisenhower, Crosswhite, and Lyle concurred. Kissinger approved Option 1. He wrote in the margin, "Send a letter to Pérez explaining decision." Attached but not published are Tab 1, an undated suggested letter from Kissinger to the Foreign Minister; Tab 2, an undated suggested letter from Kissinger to Simon; and Tab 3, telegram 2062 from Caracas, February 20, published as Document 397. Kissinger's letter to Pérez is in telegram 141194/Tosec 160171 from the Department to the Secretary's Delegation in Mexico, June 10. (Ibid., D760222–0847)

Maw ruled December 10, however, that FFB credit more appropriately should be assigned that country. Defense has nonetheless recently indicated that sufficient new obligation authority to support a \$10 million direct credit program appears available, providing that projected FY 1976 funding levels are enacted by the Congress. Defense firmly believes that a continued modest FMS credit program for Venezuela is in our national interest.

The Options

1. When FY 1976 authorization and appropriation is passed, authorize Defense to extend a \$10 million direct credit to Venezuela on a one-time basis.

Pro—You would be responding favorably to Perez, extending the credit which he very much desires to placate his military. You would also be lessening the impact of decisions this year to terminate all military assistance (i.e., indirect FMS credit, the military group presence in Venezuela, and a modest grant military training program). Further, Perez could use reassurance that commitments taken in Caracas last February have not been forgotten. Additionally, authorization on a *one-time basis* would provide additional time to accustom Venezuela to the phaseout of our military assistance programs and for us to seek new ways to maintain traditional close relations with the Venezuelan military. Such authorization would not, however, do violence to Congressional and other Executive Branch views aimed toward bringing these programs to an early termination.

Con—The authorization would risk undermining FFB procedures with other Latin American countries, as well as limiting new obligation authority for Israel. It would conflict with the L view that no FMS credit be given Venezuela because of the “inadequate” compensation paid U.S. companies affected by the recent petroleum industry nationalization (ARA and EB disagree, believing that it would be inappropriate for the United States Government to take a position on the adequacy of compensation in that American companies have settled with the Venezuelan Government). Moreover, PM fears that the provision of direct credit this fiscal year will create an undesirable precedent causing Venezuela to seek additional authorization next year despite our qualification to the Venezuelan Government that the \$10 million credit is on a one-time basis. PM and Treasury further object to the adverse impact of such authorization on budget outlays.

2. Inform the Venezuelans that you have ascertained that the Treasury ruling on retention of the FFB venue clause remains irreversible and that, consequently, the United States Government cannot be of assistance.

Pro—If FMS credit is to be terminated, it is far better to place the onus on Venezuela over a narrow legal impasse than to place it on us over a political finding that Venezuela is “ineligible” or “oil-rich”.

Con—You would appear unresponsive to Perez’ personal request to you.

3. Seek to have the venue clause deleted from the FFB agreement with Venezuela via a letter to the Secretary of the Treasury.

Pro—The request would demonstrate to Perez your personal interest and involvement.

Con—The request would not be fruitful. Secretary Simon reiterated to us this month that no exception would be made to the FFB standard text for Venezuela or any other country. Treasury strongly opposes FMS credit to Venezuela on economic grounds as well.

Bureau/Department/Other Agency Views

ARA and Defense support Option 1, basically because of the political advantage gained by responding favorably to this key Third World leader, without doing injustice to the planned phaseout of assistance. Defense, although accepting the “one-time” caveat of Option 1, nonetheless firmly believes that a continued modest FMS program in FY 1977 is in our national interest.

PM, L, T, Treasury, and OMB prefer Option 2, basically because it would uphold the role established for FFB and reflect their and congressional opposition to “assistance” to oil-rich nations in general and Venezuela in particular in light of that country’s “inadequate” compensation for the recent nationalization of U.S. petroleum companies.

Recommendation:

That you authorize Defense to extend \$10 million FY 1976 FMS direct credit to Venezuela on a one-time basis (Option 1 favored by ARA and Defense although Defense recommends a continued FMS program in FY 1977).

ALTERNATIVELY, that you sign the letter to the Venezuelan Foreign Minister at Tab 1 noting that you have ascertained that the Treasury ruling on retention of the FFB venue clause remains irreversible. (Option 2 favored by L, PM, T, OMB, Treasury and, *if* Option 1 is not selected, by ARA.)

ALTERNATIVELY, that you sign the letter to the Secretary of the Treasury at Tab 2, requesting that the venue clause be deleted from the Venezuelan FY 1976 FMS Credit Agreement text (Option 3 favored by no one).

Attachments:

1. Suggested letter to Foreign Minister.
2. Suggested letter to Secretary Simon.
3. Caracas 2062.

400. Telegram 135826 From the Department of State to the Embassy in Chile¹

Washington, June 4, 1976, 0105Z.

135826. Subject: Letter from the Secretary to Foreign Minister Escovar.

1. Please deliver the following letter from Secretary Kissinger to Foreign Minister Escovar:

2. Begin text. Dear Mr. Minister: I shall be looking forward to reviewing with you in Santiago progress we have made since our February meeting in Caracas.

The three months since our conversations have been productive:

On education, we have signed an agreement of understanding for a new academic program with talks scheduled soon toward developing a joint project.

A Latin American Food Research Center, we have concluded a preliminary study. We find the proposal eminently feasible, and invite a Venezuelan initiative toward this end in the international group for Agricultural Development (PGAD), an initiative which we are prepared to support.

On energy, we find the suggestion of your government to seek ways to assist energy-poor Latin American nations excellent and one which we propose to incorporate in our efforts to create an international energy institute. In this same area, the current visit to the United States of an eight-man Venezuelan energy team is an important step toward joint cooperation in alternate uses of energy.

On transfer of technology, we shall assign for the first time in Latin America a full-time technical assistance specialist to our embassy in Caracas to respond to specific requests from your government for services which you finance and direct. We consider this an innovative approach which may have application elsewhere in the hemisphere.

However, we must do more. We share common goals in seeking international economic solutions, in combatting terrorism, in establishing a meaningful code for transnational corporations and on economic integration. My government continues to stand ready as I announced

¹ Summary: As a follow-up to their February 16–17 meetings in Caracas, Kissinger informed Escovar of U.S. policy towards Venezuela in the areas of education, food research, energy, technology transfer, and regional issues.

Source: National Archives, RG 59, Central Foreign Policy File, D760214–1014. Confidential; Immediate; Exdis. Drafted and approved by Glenn. For the February conversations between Kissinger, Pérez, and Escovar, see Document 396.

in February to cooperate with the Latin American Economic System (SELA). The role of your government with respect to restoring the Organization of American States to an effective voice in the hemisphere, an effort which we support, will be a determining factor in the future of that organization.

Mr. Minister, this will be my fourth trip as Secretary of State to Latin America and my second this year. I will be going to the General Assembly in a further effort to strengthen the foundations of U.S. relations in the hemisphere. I hope for harmony. You fully understand the importance of creating a positive climate. And you appreciate that, given the current situation in the U.S., discord would only hurt our common goals. We have important issues to address, including the workings of the inter-American system, and the policies of economic cooperation between the OAS member states. None of these is inherently divisive, so I very much hope that we can [have the] same atmosphere of understanding as prevailed last year.

We have already conveyed ideas on OAS reform. I understand that you have looked at some of our proposals. We are not wedded to any specific formulas or solutions. What I do look for is a serious effort on the part of the Foreign Ministers themselves to give some purpose to our organization, and to relieve it of a portion of its excessive bureaucracy. Our proposal for beginning such a reform is to call on the general assembly to adopt guidelines for a study group or other mechanism that will assure a serious look at the functional and structural failing of the OAS. We quite frankly have found the charter reform a sterile exercise and would like to move that discussion to a more practical level. You can help on this, I will look forward to hearing your ideas.

On the cooperation for development agenda item, we can engage in some serious exchanges on trade and technology. I will be bringing several proposals to the discussions, as I would hope that we can take some innovative approaches to the perennial technology transfer debate. This hemisphere, I am convinced, could become a model for the world in developing regional programs in technology exchange.

Allow me a special word on human rights. We seek your counsel to find a hemispheric position respectful of national sovereignty. I cannot help but feel that the reputation of the OAS would be tarnished were its members not to speak up on human rights at Santiago. How to do this is an important question, however. We hope it can be done in such a way as to result in institutional strengthening of the inter-American Human Rights Commission, an endorsement of the commissions findings on Chile, and an extension of its mandate to continue monitoring the situation there. I shall value especially highly your views on this matter.

Your wise and friendly counsel has been of great assistance to me in the past. I look forward to these further discussions with you in Santiago. Warm personal regards. Henry A. Kissinger. End text.

3. The Department does not plan to release the text and prefers that it remain a privileged communication. Unquote

Kissinger

401. Memorandum of Conversation¹

Santiago, June 9, 1976, 8:05–9:10 a.m.

PARTICIPANTS

The United States
The Secretary
Under Secretary Rogers
Luigi R. Einaudi, S/P—Notetaker
Anthony J. Hervas, Interpreter

Venezuela
Foreign Minister Escovar

As the group enters, a photographer begins to take pictures. The Secretary leaves to take a call from Washington.

Rogers: I suspect that call has to do with the Shlaudeman nomination.

Escovar: It is still to be confirmed?

Rogers: Yes, many nominations were made at once.

Escovar: I suppose that electoral tensions have contributed to the delay.

Rogers: Yes.

Escovar: And I suppose specifically that the Reagan candidacy continues to create problems.

Our general impression, of course, is that Carter is very strong.

Rogers: Yes, he has broad support, particularly among Blacks.

¹ Summary: Kissinger and Escovar discussed inter-American relations, the Niehaus kidnapping, international economic affairs, and African politics.

Source: National Archives, RG 59, Central Foreign Policy File, P820118–1601. Secret; Nodis. Drafted by Einaudi on January 14, 1977. Kissinger and Escovar were in Santiago for a meeting of the OASGA. The text of Kissinger's June 8 speech in Santiago on human rights is in the Department of State *Bulletin*, July 5, 1976, pp. 1–5.

Escovar: We see parallels to JFK. I have heard tapes of Carter's campaign. He is quite charismatic. On the other hand, he is an unknown quantity as concerns foreign policy.

Rogers: Yes. But the basic principles of US foreign policy must continue . . .

Escovar: Whatever the government?

Rogers: Absolutely.

[Secretary of State enters].

The Secretary: Some McCarthyites are after Shlaudeman. [Turning to Rogers.] Could you draft a message to Sparkman for me? The Department is paralyzed. [Turning to Escovar] Are any Latin Americans opposed to Shlaudeman?

Escovar: No.

The Secretary: The delay is an insult to Venezuela.

Escovar: We thought Shlaudeman was a very good Ambassador.

The Secretary: Let us go in to breakfast.

Ramon, it is a great pleasure to see you again. I must say that my February trip could not have begun any better than with my visit to Venezuela.

Escovar: Yes.

The Secretary: Your President is coming to visit us in October?

Escovar: I think he is planning to come after the election, precisely because he would not want to . . .

The Secretary: I understand.

Escovar: He could go the United States immediately afterwards.

The Secretary: Fine. We should pick a date sometime in November. Then it could hold, even if there is a change in Administration.

Or, would President Perez want to wait until February?

Escovar: He would be ready to come in December or any other date would be convenient.

The Secretary [To Rogers]: What do you think?

Rogers: November should be ok.

The Secretary: It would be good if the new President had a chance to talk to Perez while thinking over his approach to the Administration. I think November or December would be all right.

Escovar: I told President Perez last night of your greetings. He asked me to transmit his greetings to you in return.

The Secretary: What do you think about this General Assembly? Do you think the speech on human rights will do any good?

Escovar: I am not very optimistic. Not much will come of it. Nonetheless, I liked your statement. I told the press it was very positive.

The Secretary: That's good. We could use that in our press. Do you mind?

Escovar: On the contrary, I have no doubts whatsoever in saying your contribution to good understanding with Latin America has been extremely important.

The Secretary: Thank you.

Escovar: You are greatly esteemed in the hemisphere.

The Secretary: I have a great deal of affection for Latin America. That helps.

Escovar: Even at the time of your speech in Brazil, President Perez made a declaration very different from many of the speculations that were carried in the press.

The Secretary: I appreciate that. I don't think we ever consult with the Brazilians on matters that we do not take up with Venezuela as well.

Escovar: We thought it entirely logical. Brazil is important. It can contribute to stability.

The same is true of Argentina. But Argentina is in a very poor situation, and is consumed with internal problems.

The Secretary: Yes. Their situation is extremely difficult.

Escovar: The new Argentine Foreign Minister seems good. The military have good intentions. But they must graduate from the barracks, control repression, and establish order without Chileanizing their society.

The Secretary: Do you think Chile is improving on the human rights issue?

Escovar: Very little. I spoke an hour with Pinochet. It was a difficult conversation. I brought up the question of political prisoners and pointed out that if conditions were as stable as the Chileans themselves claimed, they did not need political prisoners.

Venezuela undertook action in behalf of Corvalan in particular because Podgorny wrote directly to President Perez asking for help.

The Secretary: He is asking everyone. He has written to us, too.

Escovar: The problem with the Chilean military is that they have no political sense.

The Secretary: They have never been in politics before.

Escovar: The Argentines have more experience. There have been many coups there.

The Secretary: Even so, I wish they wouldn't try Mrs. Peron. She was not qualified to be President. Her presidency was a joke by her husband. Will they really try her, do you think?

Rogers: She was in with a bad bunch.

The Secretary: Can't they just throw her out? Wasn't she illiterate?

Escovar: [Nods agreement.]

The Secretary: Did she enjoy being President?

Escovar: Yes. I have the impression she did.

We in Venezuela are very interested in Argentine stability for the sake of continental peace.

The Secretary: Really? I had not thought Argentina was that decisive.

Escovar: Yes. Argentina is essential to North-South equilibrium in the continent.

Pinochet should be pressured to understand politics more. Pinochet is not vulgar, but he is hard. He has no political savvy. That is the problem.

The Secretary: I talked with him. First in a group, then alone. I said some things I did not say in front of others. He always says he is doing what we are asking.

Escovar: The prisoners are the key.

The Secretary: He says he only has 400.

Escovar: Maybe. But whatever the number, it is damaging.

We are going to ask Castro also for political prisoners. We could use a better example from Pinochet to bring pressure on the Cubans.

Our relations with Castro are deteriorating.

The Secretary: On whose side: his or yours?

Escovar: Ours. There is the matter of Angola. And then there have been tensions over the Embassy.

The Secretary: Your Embassy in Havana?

Escovar: Yes. Conditions there are bad. We asked for the release of Venezuelan prisoners now being held in Cuba. Men who participated in the Bay of Pigs.

The Secretary: Castro is cynical about prisoners. He has used them as pawns in dealing with McGovern and Kennedy.

Escovar: We should campaign on human rights. Seen broadly, Chile could be used to put pressure on the Communists.

The Secretary: I agree, but we don't want to overthrow the Chilean government either. We want to increase freedom, not bring about greater repression.

Escovar: True, but if the US were to pressure Chile, it could get results.

The Secretary: Did they understand my speech?

Escovar: Not fully.

The Secretary: I could not discuss these issues in front of everyone in detail. I think personal pressure works best.

Escovar: I told Pinochet that we liked you as Secretary of State precisely because of that. You are intelligent. And you understand how things can be done.

The Secretary: I told Pinochet we could not maintain support if he did not make progress. That is a fact of life.

Escovar: Good.

I am not optimistic about Latin America.

The Secretary: No?

Escovar: No. The pressures are building up. Even in Peru the situation is bad. And then [we] have people like the Paraguayans.

The Secretary: You missed the Paraguayan. He went on for 45 minutes.

Escovar: Yes.

The Secretary: What you say is true. But what can we do?

Escovar: The United States should pressure these governments to seek a greater measure of legitimacy.

The Secretary: Even Peru?

Escovar: Yes. I was there after your visit. Morales is a serious man and has a great deal of good will.

The Secretary: I agree.

Escovar: Furthermore, the Prime Minister, who is generally thought to be a leftist, is really more of a puritan type.

The Secretary: That can be dangerous in politics.

Escovar: Yes. The military often need lessons in politics. The politicians in Peru need a lesson, too. APRA represents another type of innocence, which is also dangerous.

The Secretary: Can we influence Peru?

Escovar: Yes, I think you can. And Ecuador is considering a new constitution.

The Secretary: But are we influential in that?

Escovar: No. But in any case, if the United States pressures for democracy in ways appropriate to the country in question, it can have a great influence. For example, there is, of course, no alternative to Somoza in Nicaragua. But there are other cases where something could be done. I asked Torrijos, for example, why he hadn't founded a political party.

The Secretary: Torrijos has been very sound. I am very impressed with him. He has been provoked many times and has handled it well.

Escovar: He has intuition.

It would be useful if there were a clearer US position in favor of democracy. There has just been a meeting of European Social Democrats, including Brandt, Kriesky and others.

The Secretary: I know. They are all friends of mine.

Escovar: The European Social Democrats are closer to Latin America than other outside political groups.

The Secretary: Can we use my statement yesterday as a general statement in support of democracy in the hemisphere?

Escovar: Yes. It can be used. The bicentennial also affirms the democratic convictions of the United States and provides a similar opportunity. Yesterday, President Perez signed a decree making July 4 a national holiday in Venezuela.

The Secretary: What a charming gesture. That is very nice.

Escovar: We are worried that the United States position toward Latin America might harden.

The Secretary: Are you referring to Cuba, or to Latin America as a whole?

Escovar: As has happened in the past, we believe there is a great tendency in the United States to value authoritarianism to fight communism. Our own experience in Venezuela is the opposite.

The Secretary: I agree completely. The best defense against communism is democracy. Institutional processes are vital.

Escovar: Latin America lived a great trauma with Foster Dulles. The fear of reversal is always present.

The Secretary: As a practical matter, if the Democrats win in November, there is always the possibility of over-activity. This happened before with the Alliance for Progress. But it would be done with great good will, not in the Dulles style. It might even go too far in the direction you want.

I believe democracy should not be visibly the result of US pressures. Do you agree?

Escovar: [Nods agreement]

The Secretary: We have to permit evolution to occur naturally.

As for the Republicans, if I stay, you know my views. If Connally comes in, you might get a Dulles type of policy again. But to be frank, if the Republicans win, it will be up to me whether I stay or not.

In any case, whoever wins, the major lines of foreign policy are set. I have tried to use this year to give to the American people a sense of success, and thereby to forestall tendencies toward isolationism.

In this regard, what happened in Nairobi was most unfortunate. The way in which the IRB was voted down was not helpful in our public opinion.

I understand Venezuela abstained on the IRB.

Escovar: Yes.

The Secretary: The detail doesn't matter. We can keep the lesson of Nairobi in mind here and consider the IRB within the OAS framework.

On the broader forces at work in the United States, there are two tendencies. One is extreme anti-communism, the other liberal isolationism. I believe we must participate in the development process, otherwise the international system will become prey to confrontation. You understand that, too. That is why I have always thought you were establishing credentials for a constructive dialogue. And now is the time to begin.

After the election, I am optimistic of progress. The strategy I have to follow now is to state objectives. I cannot carry them out. But we can get momentum going. Last year, the very mention of commodity problems caused explosions in the United States. This year we are even talking about common funds. Little by little we can make progress. I believe Perez Guerrero understands this.

Escovar: Yes.

The Secretary: Today I will make some specific proposals. They will not be contentious. But they will set the stage. Then, after the elections, when the visit of your President takes place (and by the way, I think it should be late November, or better yet, early December: before then people will still be too tired from the campaign) it will be useful to sit down with the new President and go over all of these things.

Incidentally, Carter won big in Ohio, which means he's in as the Democratic nominee.

Escovar: In relation to Nairobi, I spoke to Perez Guerrero. He told me of the premature vote. The Bank should be looked at later, more calmly.

The Secretary: What we should have done would have been to get Perez Guerrero's advice. If we could have avoided a vote, we could have presented it as a success to our people. We could have maintained momentum. Now, everyone is debating what went wrong. Our representatives were economic technicians, not political types. At 33 to 31, the vote was so close we should not have let it go against us.

Escovar: Perez Guerrero told me that Robinson was very positive.

Now, if you will permit, I know you have much work, but there are a few bilateral problems that I would like to take up.

First, there is the Owens-Illinois kidnap and expropriation case. Recently there has been some very harsh correspondence from the State Department. We know there is disagreement over the expropriation. We think the company is being a bit harsh. When Shlaudeman was here the situation was more positive. I hope to have a chance to discuss this soon with Ambassador Vaky.

The Secretary: If you want to hear about democratic institutions, you will [hear] a great deal about them from Vaky. Seriously though,

Shlaudeman was our best man for Latin America. Without exception. I am sorry we had to move him from Venezuela.

On Owens-Illinois, I agree with your government on the substance of the kidnap issue. Never negotiate with terrorists.

On using expropriation as punishment, however, there we have our differences. If individuals behave contrary to your laws, they should be prosecuted as individuals.

Escovar: I understand your position. But President Perez was annoyed with the tone of the recent communication from the State Department.

The Secretary: Who signed it?

Escovar: President Perez thought it amounted to intervention in the internal affairs of Venezuela.

The Secretary: I don't know the details. Rogers evidently does not either. When was it sent?

Escovar: Four days after Shlaudeman left. It is important that President Perez not lose confidence . . .

The Secretary: He should ignore the note. (To Rogers) Look at it. If it is offensive, have it withdrawn.

Escovar: It is not offensive. The President is very sensitive. In part this was a semantic problem. I will explain it to him. But I wanted to tell you. Because I received a letter from you via Maillard on bilateral matters dealing with transfer of technology, agriculture and so forth that proves your constructive position.

We want an intelligent appropriation, not confrontation. We know all about verbal radicalism. We are superdeveloped in rhetoric. But our policies do not always correspond.

The Secretary: I understand. When President Perez takes radical positions, but cooperates with us on specifics, it increases his legitimacy. We have no problems of principle with this. So long as you do not organize against us we have no objection. We certainly have no objection to SELA for example.

Escovar: Turning to another matter, I have recently traveled in the Caribbean. Some governments there are serious, some are not. The Grenada Prime Minister is not very trustworthy. The British warned us that some of the pay provided for civil servants went to his private account in Switzerland. When I saw him I thought he was looking for a deal. Nonetheless, others are more serious.

The Secretary: Trinidad?

Escovar: The Prime Minister is not in love with Venezuela. But he is respectable. And then there is Jamaica.

The Secretary: Manley seems to reserve all his love for himself and none for Jamaica.

Escovar: Thompson is brilliant. But the government is close to Cuba. Perez wants to talk to Manley.

The Jamaicans are to the left of Fidel. The Caribbean will be a turbulent area in the years ahead.

The Secretary: Will Castro try to organize the Black Caribbean into a bloc?

Escovar: Yes, and with his African adventures and symbolism behind him he may have some success. We are worried.

The Secretary: I take it you are talking about a different form of subversion than that undertaken by Guevara.

Escovar: Yes. They are exploiting ideology and racial affinities. To counteract the Cubans, we are seeking to improve our own relations with Africa. Senghor will come to Venezuela in January.

The Secretary: He is one of the most brilliant leaders in Africa. We want to invite him also. Perhaps he can visit the United States as well.

Escovar: We also want to establish contact with Houphuet-Boigny from the Ivory Coast, Nyerere and others. The model of Guyana and Jamaica is Tanzania. We in Latin America must pay attention to this phenomenon, for the young in the Black Caribbean are looking naturally to Africa.

The Secretary: I like Nyerere very much personally. But when I was in Tanzania I found quite a depressing situation. I remember an extraordinary scene of goose-stepping soldiers, no straight lines, no shoes tied and about $\frac{1}{3}$ of the soldiers losing their shoes while marching.

We should certainly exchange ideas on dealing with Africa. Venezuela has advantages in dealing with Africa that we do not.

Escovar: The real advantage on the Latin American side is to be found in Venezuela and Brazil which are mulatto countries. Chile and Argentina are European. Peru and Colombia are Indian.

We want to maintain an active international position. Our role is facilitated by maintaining relations with communist countries. I was attacked in Venezuela for coming to Chile. But I have been to Moscow as well and so could not be criticized effectively.

The Secretary: We welcome your international role. We should exchange views more on Africa. I should write President Perez about my African contacts. Through you, perhaps, we can get a dialogue going.

Escovar: That is a good idea. I followed your trip in the newspapers.

The Secretary: Yes, in Liberia I was made a principal chief, which means I am eligible to have 100 women at my disposal . . .

Please send my warm regards to President Perez. And remember that, personally, are always welcome in Washington.

402. Telegram 180174 From the Department of State to the Embassy in Venezuela¹

Washington, July 21, 1976, 1537Z.

180174. Subject: Follow-up to the Secretary's February and June Latin American Trips.

1. ARA bureau tasked with updating status on Venezuelan positions taken by the Secretary during his February (Items A through F) and June (Items G through I) Latin American trips. Department understands the current status of these items as follows:

(A) Closer cooperation in energy research. Team of Venezuelan energy experts made CU-sponsored May visit to US to survey non-petroleum energy research. An additional visit is programmed for late July for the Director of the Venezuelan Council for Nuclear Industry.

(B) Bilateral narcotics agreement. Signing has been delayed by recent Caracas press publicity of an alleged CIA–DEA link.

(C) Latin American Food Research Center. A Department telegram, now being cleared, would inform the Venezuelan Government that there may be merit in the concept of converting the San Felipe Agricultural Center into a Latin American Center and would offer our support for a GOV proposal to have the International Group for Agricultural Development (IGAD/LA) establish a working group to study the idea in depth.

(D) Educational development and planning. The US and GOV signed in May a statement of understanding establishing a new program of high level scholarly exchanges. Embassy Caracas and the Venezuelan education ministry are to identify topics within the general field of educational development suitable for cooperation between the two governments. The education ministry and the Department will then select a small number of experts to meet in Caracas to develop one or two projects for implementation under the agreement. This program replaces all Department of State funded educational programs in Venezuela. No additional programs are contemplated.

¹ Summary: The Department summarized for the Embassy the current status of the positions taken by the Secretary in his February and June meetings with Venezuelan leaders.

Source: National Archives, RG 59, Central Foreign Policy File, D760280–0928 Confidential; Immediate. Drafted by Sonandres; cleared by Fry, Berry, Boughton, Quigg, Brown, Offenber, Chaij, and Mahoney; approved by Devine. On July 22, the Embassy informed the Department of progress on the issues taken up by Kissinger in his February and June meetings. (Telegram 8895 from Caracas, July 22; *ibid.*, D760282–0940)

(E) FMS credits. The Secretary authorized a \$10 million FY 1976 direct credit to Venezuela on a one-time basis in June, thus complying with his promise to President Perez to look into the issue.

(F) Science and Technology Agreement. The Department (OES), after a complete review of US capabilities and other US aspects of the proposed agreement, will instruct Embassy Caracas to explore with the GOV the nature of such an agreement.

(G) State visit. Embassy Caracas is ascertaining the dates which President Perez wishes for the visit.

(H) African letter. ARA has submitted for the Secretary's signature a proposed letter to Perez on our African policies.

(I) Reported US note on Owens-Illinois. You agreed to look into a "US note delivered on June 4" on the subject. We cannot identify this note. Embassy Caracas, at Department instruction, made an oral *démarche* on June 2, reminding the GOV that we look to it to assure the safe return of kidnapped US citizen William Niehous. This was done because of indications then that the GOV might be moving toward more forceful action. The GOV reacted "sharply and negatively," considering this "interference" in internal Venezuelan affairs. We, of course, disagree. However, we seriously doubt that anything is to be gained by pursuing the matter further.

2. Action requested: Please cable concurrence or any appropriate comment by COB Thursday, July 22. Has the May energy team visit generated any follow-up developments? Can you estimate date for narcotics agreement signing? Have embassy and education ministry talks begun on educational development?

Kissinger

403. Letter From President Ford to Venezuelan President Pérez¹

Washington, November 9, 1976.

Dear Mr. President:

The decision last May of the Organization of Petroleum Exporting Countries not to increase the price of oil was a responsible action which has contributed to the process of global economic recovery. In the spirit of our countries' close relationship, however, I wish to bring to your attention my deep concern about reports that Venezuela may seek an increase in the price of oil at the December OPEC meeting, and to urge you to bring your country's considerable influence to bear instead to oppose an increase, which would have harmful effects on world inflation and recovery, the plight of the developing countries, and international economic cooperation.

The oil exporting countries have already made substantial gains in purchasing power as a result of economic recovery and greater demand for oil in the oil-importing countries. OPEC nations will earn \$125 billion this year from their oil exports, about 20 percent more than in 1975, and more than 400 percent above what they earned in 1973 on a similar volume of oil exports. In this regard, I understand that the marketing difficulties confronted by Venezuela earlier this year have eased, at least in part because of the modifications made by my Government in our domestic oil entitlements program. It is unfortunate that Venezuela appears to have responded to this strengthened market position by implementing a unilateral price increase, during a period in which OPEC had decided not to increase the prices.

A further oil price increase would generate inflationary pressures which are not in any nation's interest. Currently the industrialized countries are making dramatic progress in controlling inflation through major policy actions, with the average rate of inflation for major countries falling to half its 1974 rate. Our analysis of the composition of

¹ Summary: Ford expressed concern that Venezuela might raise petroleum prices at the December OPEC meeting.

Source: Ford Library, National Security Adviser, Presidential Correspondence with Foreign Leaders, 1974–1977, Box 5, Venezuela, President Carlos Andrés Pérez. Secret. During a November 19 meeting with Iribarren, Ford stressed the heavy damage of an increase in oil prices for the economies of the developing world and urged a deferral of an increase. (Telegram 299311/Tosec 320105 to Caracas, December 9; National Archives, RG 59, Central Foreign Policy File, P840086–2313) In a November 20 letter to Ford, Pérez stated that OPEC was not responsible for world economic problems, that Venezuela's decisions regarding the price of its oil had been in strict conformity with OPEC's decisions, and that the organization was developing assistance programs for developing countries. (Ford Library, National Security Adviser, Presidential Correspondence with Foreign Leaders, 1974–1977, Box 5, Venezuela, President Carlos Andrés Pérez)

exports from the major industrialized countries to the oil producers indicates that the prices of these goods have risen only by 30 percent since mid-1973, and by only 4 percent over the past year. Prices of our largest export—grain—have actually fallen by \$50 a ton in the last year. But the industrialized countries alone cannot solve the problem of inflation. Oil-producing countries too have a responsibility to control world inflation.

I am also concerned that an increase in the price of oil could undermine the fragile economic recovery and the already weak balance of payments situation in both developing and industrialized countries. The oil bill of the oil-importing developing countries has quadrupled from \$2 billion in 1973 to \$13 billion this year. Some of these developing countries are just beginning to regain a more satisfactory rate of growth and to reduce their trade deficits as demand for their exports has increased and they have begun to adjust to the burden of higher oil prices. Many of the poorer developing countries, however, continue to experience desperate balance of payments difficulties and, as a result, wholly unsatisfactory prospects for economic growth. Among the industrialized countries, there are several which have not yet begun to recover from the severe economic recession of 1974–1975 and continue to experience large balance of payments deficits; a number have virtually exhausted their ability to borrow. Even in the United States, where recent economic activity has been more vigorous, the recovery has slowed. My deep concern, therefore, is that the possibility of truly global economic recovery which we are seeing will be threatened by the slowdown in growth and the adverse inflationary and balance of payments effects of a new increase in the price of oil. All countries have a vital interest in the maintenance and strengthening of the global recovery and the increase in international trade which will accompany it.

Finally, I am concerned that a new increase in oil prices could prejudice the creative and constructive process of dialogue among developed and developing countries to which your government and you yourself have made a major contribution. I am also committed to that process. I have taken a number of decisions to ensure a positive United States approach to the problems of the developing world. This year the United States will provide more funds for economic assistance than in any year since our post-war Marshall Plan, more aid than any other country in the world. I also have committed my Government to give serious consideration to a number of other new approaches to the problems of the developing countries. I am working to maintain support for constructive policies toward the developing world. I believe that further progress in a number of areas of the North-South relationship, including the official development assistance made available to

the developing world, should be possible in the coming months. In particular, I am optimistic that the Conference on International Economic Cooperation, which is scheduled to meet at the ministerial level in mid-December, can achieve positive and concrete results beneficial to developed and developing countries. But the international structure which both you and I wish to build must be based on due regard for the impact of individual national decisions on the rest of the world. Actions which appear to overlook this impact seriously undermine domestic support in this country for a constructive approach to the problems of the developing world.

I hope, therefore, that when you have given full consideration to all the implications of the oil price question, the significant influence of Venezuela and your personal stature and international leadership will contribute to a decision by the oil-exporting countries as responsible as that of May and that there will be no new price increase.

Sincerely,

Gerald R. Ford

404. Memorandum of Conversation¹

Washington, December 1, 1976, 4–4:46 p.m.

PARTICIPANTS

President Ford

Amb. Ignacio Iribarren Borges, Venezuelan Ambassador to the U.S.

Brent Scowcroft, Assistant to the President for National Security Affairs

President: As I said yesterday in a preliminary way, I am very concerned about an oil price increase. The meeting is in December and as you know I have communicated with President Perez. I have read his reply very carefully. It is a very thoughtful communication and I

¹ Summary: Ford and Iribarren discussed the effects of higher oil prices on the world economy, and Ford urged Venezuela to delay an increase in the price of oil.

Source: Ford Library, Memoranda of Conversations, 1974–1977, Box 21, December 1, 1976, Ford, Venezuelan Ambassador Ignacio Iribarren Borges. Secret; Nodis. The meeting took place in the Oval Office. According to the President's Daily Diary, on November 30, Ford participated in a ceremony to receive diplomatic credentials from Iribarren from 11:15–11:22 a.m. (Ford Library, President's Daily Diary) No record of the conversation has been found. Scowcroft's undated briefing memorandum for the President's December 1 meeting is *ibid*.

read it in the spirit of our close cooperation. Of course, I do not agree with every point, but I think we can disagree as friends.

There are wide areas of agreement. One principal area is the need for cooperation between developed countries and the less developed countries. We agree in this area, but as much as we want to maximize our effort, in a stagnant economy our ability and that of other developed countries to contribute is greatly diminished. In addition to the economic impact, if the developed countries are in economic difficulty, the political problem of agreeing how to help is greatly magnified.

We started our recovery about May of last year. We have entered a pause—it's longer than we anticipated—but I think the trend will reverse. The pause elsewhere—for example, in Japan—is even more pronounced. So, though we have made progress from the depth of the depression, we are not out of the woods yet. In addition, the international financial world is not as healthy as it should be. Any price increase will inevitable have an adverse impact. How severe it will be depends on how big it is. We would prefer none. President Perez makes a persuasive case to the contrary. But if the world economy should fall into a slump, the pressures on the U.S. would be severe, and despite our good intentions, we could not do what we wish for the underdeveloped countries. It seems to me it is too great a risk to chance a jolt to the world. I must state my case very frankly, as I have to Saudi Arabia and as I will to the Iranians.

Iribarren: As you know, we are a moderate in these matters. We will go to these meetings. The President sent you the frank letter—as befits a friend.

I cannot forecast the amount of any increase but I could not say there wouldn't be one.

President: Even a delay, until the world comes out of this pause, would be helpful.

Iribarren: I understand there may be a postponement of CIEC. My President has always said there should be a close connection. If you could make a gesture in CIEC, it would help with my President.

President: Of what sort?

Iribarren: It is necessary to develop a new order in the world. You have recognized it in your statements. President Perez here would be very helpful.

President: I have always stood for reducing the disparity between the developed countries and less developed countries. We have made offers. We have accepted commodity agreements in a number of areas. We have shown our good will.

Iribarren: You have. I think the steel price rise will be very harmful with respect to OPEC.

President: I understand. My price advisory council met today on this. I haven't seen their report, but I am very critical of the increase, as has been Governor Carter. Until then I can't say what action I can take.

Iribarren: I will contact my President immediately. He has just returned from his long trip.

President: You know how strongly I opposed the trade restrictions against Venezuela. It was most short-sighted and I have done everything I could to get it reversed.

Iribarren: My President understands. Unfortunately some members of Congress thought my country participated in the embargo.

We are in a difficult situation. As my President said, the OPEC prices have been adjustments. We are just trying to maintain purchasing power.

President: I urge that there be no price increase, but if there must be one, I urge a delay until the world economy starts moving forward again. It is psychologically as well as substantially important. There are many countries having problems—Mexico, Canada, Great Britain, Italy, Portugal, etc.

I was pleased to see your President stop in Portugal. If Portugal were to fall off either to the left or the right it would be very bad.

Iribarren: We are helping a lot there. Also in Spain.

President: I am pleased with developments there. I think the King is doing a good job.

Iribarren: I think the appointment of Suarez was a wise move. He is doing good things.

405. Memorandum of Conversation¹

Washington, December 14, 1976, 1:15–1:40 p.m.

SUBJECT

Owens-Illinois—Venezuela

PARTICIPANTS

Brent Scowcroft, Assistant to the President for National Security Affairs
William Spengler, President Owens-Illinois, International Division
John Andrews, Washington Representative for Owens-Illinois
David Lazar, NSC Staff

Mr. Spengler used the meeting principally to update General Scowcroft on the current Owens-Illinois situation in Venezuela. He said that the Government of Venezuela had asked O-I to build, at Government expense, two new furnaces to increase the capacity of the present O-I facility in that country. The estimated cost would be about \$45 million. Mr. Spengler said that O-I had made a counter-proposal under which the new furnaces, when built, would be offered for sale to the “private sector” (i.e. Owens-Illinois) so that the resulting package would be owned 51% by the GOV, 49% by O-I. (Comment: It was not clear whether O-I’s counter-proposal related only to the new furnaces or to the entire facility as expanded by them but, in context, the latter seems probable.)

According to Mr. Spengler they have discussed this proposal with Laria who so far says “maybe”. Mr. Spengler pointed out that the risk to O-I of passing their technology to the Government of Venezuela without being paid for it (the \$45 million would include costs and fees to O-I but nothing for the technology involved in the furnaces) is offset to some extent by the fact that the furnaces would take two years to build during which time O-I would be taking dividends out of the country on their present investment. Mr. Spengler said that O-I this year, for the first time (under the impetus of Section 24 of the Andean

¹ Summary: Scowcroft and Owens-Illinois officials discussed the possible nationalization of the company’s holdings in Venezuela and the status of the Niehous kidnapping case.

Source: Ford Library, National Security Adviser, Memoranda of Conversation, Box 21, December 14, 1976, Scowcroft, William Spengler, and John Andrews (Owens-Illinois). Confidential. In telegram 285976 to Caracas, November 22, the Department reported that Director of Andean Affairs Devine had discussed the prospective nationalization of Owens-Illinois with the new Venezuelan Ambassador and had identified the matter as a potential problem in U.S.–Venezuelan relations. (National Archives, RG 59, Central Foreign Policy File, D760434–0808) Niehous remained in captivity until June 1979, when he was freed by Venezuelan police. (“Abducted American Freed in Venezuela,” *New York Times*, July 1, 1979, p. 7)

Code) had taken \$3 million in dividends out of Venezuela and would anticipate a like annual dividend for the next two years. Mr. Spengler indicated that O–I probably will go ahead with the construction of the new furnaces.

Mr. Spengler said that arbitration of the nationalization problem still is supposedly in the game but indicated his opinion that the GOV eventually will back away from arbitration.

General Scowcroft said that, although we didn't pretend to know the intentions of the Venezuelan Government, we find this new initiative on their part a hopeful sign.

Mr. Spengler touched on the Niehous matter. While not denigrating the efforts of the Venezuelan Government to find Mr. Niehous, he did express the wish that they had been and were more capable. He also expressed the hope that the State Department would not let this matter drop but would keep reminding the Venezuelan Government of it. General Scowcroft assured him we would stay in touch with State on this. Mr. Lazar pointed out that the Venezuelan Government had strong reasons of its own for wanting to find Mr. Niehous and solve the case.

Mr. Spengler said there was no action that Owens-Illinois wanted of the U.S. Government now but that he had only wished to bring us up to date. The meeting ended at 1:40 p.m.