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THE WHITE HOUSE
WASHINGTON

NSS review
completed.

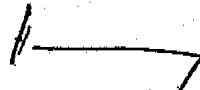
October 7, 1970

Dear John:

Thank you for your letter of September 14 on Chile. You may be sure that we are all concerned about the situation. It is a difficult one, and I assure you that the President is similarly concerned.

I appreciate your sending me your thoughts, and I shall certainly keep them in mind. Perhaps when I return from Europe we can have a chat.

Warm regards,



Henry A. Kissinger

Honorable John A. McCone

Los Angeles, California 90017

STAT

(non-log)

ACTION
September 25, 1970

MEMORANDUM FOR DR. KISSINGER

FROM: Viron P. Vaky

SUBJECT: Letter from John A. McCone re Chile

At Tab A for your signature is a suggested reply to Mr. McCone's letter concerning the Chilean Situation (Tab B).

RECOMME NDATION

That you sign the letter at Tab A.

Dear John:

Thank you for your letter of September 14 on Chile. You may be sure that we are all concerned about the situation. It is a difficult one, and I assure you that the President is similarly concerned.

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Warm regards,

Henry A. Kissinger

Honorable John A. McCone

Los Angeles, California 90017

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Vaky/vmr 9-25-70

(PERSONAL/CONFIDENTIAL)

JOHN ALEX McCONE

LOS ANGELES 90017

STAT

September 14, 1970

PERSONAL AND
CONFIDENTIAL

Dear Henry:

As I told you on the telephone on Friday, I am deeply concerned over developments in Chile. My concern stems from my experiences as Director of the Central Intelligence Agency in 1964 as well as my recent contact as a Director and member of the Executive Committee of International Telephone and Telegraph Corporation. As you know, this company owns and operates the Chilean telephone system and other enterprises in that country. The book value of their investments is about \$150,000,000 against which they hold United States guarantees (I believe through AID) totalling \$95,000,000 to \$100,000,000.

There is no question in my mind that Allende is a Marxist and his announced policies of nationalizing most industry, communications, etc. are dictated from outside of the country.

In June of 1964, three months before the election, Allende fielded some 300 sound trucks and employed from 3,000 to 3,500 political workers. This substantial effort was financed by \$1,000,000 of United States currency which reportedly came from Communist sources outside of the country - presumably, Moscow.

American business interests became alarmed over the prospect of Allende winning the election and offered to support Frei's campaign, volunteering a fund of \$2,000,000

STATAT

The campaign was successful. Frei was the first man in recent years to carry a clear majority, his vote exceeding 54% and his success carried over to the subsequent congressional election when his party won some 55% or 56% of the seats of their parliament.

I give you this background because I feel that we acted very wisely in 1964 and while Frei as President took many actions inimicable to our interests, nevertheless, his administration was always free of outside influences.

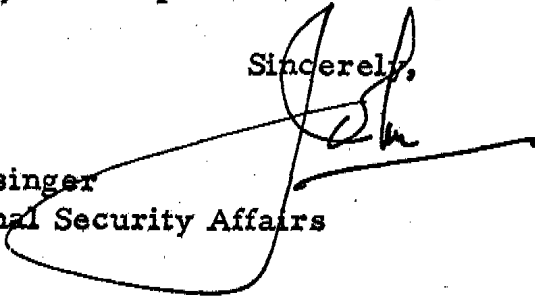
The ITT officers and directors are deeply concerned over the future of Chile if Allende is seated as President and they are also fearful that his policies will extend to neighboring countries in Latin America, most particularly, the Argentine, Brazil and Peru. Therefore, they feel that anything that can be done between now and October 24th to prevent Allende taking office as President should be done and ITT alone are prepared to put up a minimum of \$1, 000, 000 for this purpose.

Understandably, however, and consistent with their policy, they will not engage in political action in Chile or in any other country unless they are acting in concert with United States Government policies. Incidentally, representatives of the three neighboring states mentioned above have all contacted ITT urging some immediate action on their part.

It is a disappointment to me that we did not take more aggressive action prior to the election. However, it may not be too late and it is for that reason I am writing expressing my concern and indicating the extent to which at least one company in the private sector is willing to go.

I know this is a sensitive subject and should you wish to discuss it further, I am willing to come to Washington to meet with you and others at your convenience and request. Please hold this letter in your complete confidence.

Sincerely,


Dr. Henry A. Kissinger
Assistant of National Security Affairs
The White House
Washington, D. C.

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