

Former US Ambassador to Chile tells Britain's Observer newspaper of American plots against Allende

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On Sunday, November 8 the *Observer* newspaper in Britain published an article based on an exclusive interview with the former US ambassador to Chile, Edward Korry. In it Korry provides an insight into the role played by the Nixon administration and the CIA in orchestrating the military coup led by General Augusto Pinochet against the Socialist Party government of Salvador Allende in 1973.

Korry served under presidents Kennedy, Johnson and Nixon. Several of his cables sent to the US in 1970 have been declassified by the National Security Archives and are available on the Internet. Korry's interview fills certain gaps left by these documents and other top secret CIA, State Department and White House cables. He describes, amongst other things, cables still classified and discloses information that is censored in documents now available.

In the article by Greg Palast, "A Marxist threat to cola sales? Pepsi demands a US coup. Goodbye Allende. Hello Pinochet", Korry explains that one of the major considerations in shaping US policy towards the Allende regime was preserving the interests of American corporations.

The article begins by citing the "Eyes only, restricted handling, secret" message sent to the US station chief in Chile's capital, Santiago, from CIA headquarters on October 16, 1970, the year of Allende's election. This states, "It is the firm and continuing policy that Allende be overthrown by a coup.... Please review all your present and possible new activities to include propaganda, black operations, surfacing of intelligence or disinformation, personal contacts, or anything else your imagination can conjure."

Palast says that an unsuccessful plot against Allende

that month, using CIA "sub-machine guns and ammo", was the direct result of a plea for action in September by Donald Kendall, chairman of Pepsico, in two telephone calls to the company's former lawyer, President Richard Nixon.

According to Korry/Palast, Kendall arranged for the owner of Pepsico's Chilean bottling operation to meet National Security Adviser Henry Kissinger on September 15. Hours later, Nixon called in his CIA chief, Richard Helms, and, according to Helms's handwritten notes, ordered the CIA to prevent Allende's inauguration as president.

Korry traces the origins of such US intrigues against Allende back to the presidency of John F. Kennedy. In 1963 Allende was heading towards victory in Chile's presidential election. Kennedy encouraged US corporations to back his political stooge, Eduardo Frei, leader of the Christian Democrats and the late father of Chile's current president, Eduardo Frei Ruiz-Tagle. The plan was placed under the direction of Robert Kennedy, then the attorney general.

US corporations were encouraged to pour \$2 billion into Chile, in what Korry calls a "mutually corrupting" web of questionable business deals, for which the US government would arrange guarantees and insurance. Frei received millions of dollars, equivalent to half his election expenses, and won as a result. In return, American business ended up controlling more than 85 percent of Chile's hard currency-earning industries.

Palast notes: "The US government, the guarantor of these investments, committed extraordinary monetary, intelligence and political resources to protect them. Several business-friendly US government front organisations and operatives were sent into

Chile—including the American Institute for Free Labor Development, infamous for sabotaging militant trade unions.”

When Allende won the 1970 elections, Korry says he favoured a sustained campaign to boost Frei once again and opposed “military actions that might lead to ‘another Bay of Pigs’ fiasco.” He sent a cable to this effect to Washington, which he still retains. This angered Kissinger who had already authorised a coup, scheduled for the following week, of which Korry was unaware. (This is confirmed in declassified documents, such as an October 16, 1970 CIA operating Guidance Cable on coup plotting, which called for the “American hand” to be concealed and instructed the CIA to ignore any orders to the contrary from Ambassador Korry, who “has not been informed of Track II operations”.)

Kissinger ordered Korry to fly to Washington that weekend. Pallast resumes: “Still not knowing about the CIA plan, Korry told Kissinger in a White House corridor that ‘only a madman’ would plot with Chile’s ultra-right generals.

“As if on cue, Kissinger opened the door to the Oval Office to introduce Nixon.”

Nixon was abusive towards Korry, but agreed that a coup at this point would be premature and unsuccessful. But a last-minute cable to the CIA was too late and failed to prevent action being taken. Conspirators kidnapped and killed Chile’s pro-democracy Armed Forces Chief, René Schneider, leading to widespread public revulsion which assured Allende’s confirmation as president by Chile’s Congress.

Pallast states: “Nixon faced intense pressure from his political donors in business who were panicked by Allende’s plans to nationalise their operations.

“In particular, the president was aware that the owner of Chile’s phone company, ITT Corporation, was illegally channelling funds into Republican Party coffers. Nixon could not ignore ITT—and ITT wanted blood. An ITT board member, ex-CIA director John McCone, pledged Kissinger \$1 million in support of CIA action to prevent Allende from taking office.

“Separately, Anaconda Copper and other multinationals, under the aegis of David Rockefeller’s Business Group for Latin America, offered £500,000 to buy influence with Chilean congressmen to reject confirmation of Allende’s victory.”

Korry states that he opposed such actions, vetoed the cash for payoffs from Anaconda and the other firms and turned in an army major who planned to assassinate Allende to the Chilean authorities—“unaware the officer was linked to the CIA plotters.”

Korry later favoured an accommodation with Allende’s government and conceded that expropriations carried out against telephone and copper concessions that had actually begun under Frei, “were necessary to disentangle Chile from seven decades of ‘incestuous and corrupting’ dependency.”

US corporations continued to lobby for Nixon to impose a clandestine embargo on Chile’s economy. Korry states that ITT also paid \$500,000 to someone referred to in intercepted cables as “The Fat Man”, whom he identifies as Joacobo Schualsohn, who sat on the Chilean committee set up to compensate firms whose property had been expropriated. In 1971, Allende learned of these machinations and refused to pay compensation.

Korry was pulled out of Santiago by the State Department in October 1971. He advised the US government’s Overseas Private Investment Corporation (OPIC) to deny Anaconda Copper and ITT compensation for their seized property and confidentially recommended criminal charges against ITT executives, “including, implicitly, chief executive Harold Geneen, for falsifying the insurance claims and lying to Congress.”

OPIC did initially refuse compensation and the Justice Department indicted two mid-level ITT employees for perjury. But ITT and Anaconda Copper were eventually compensated. Their executives went free “on the grounds that they were working with the full co-operation of the CIA—and higher.”



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