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Memorandum for the 40 Committee

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Nota de Archivo: *Washington. Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1971–72, 40 Committee Files. Secret; Sensitive; Eyes Only. A notation at the bottom of the first page reads, "Approved at the 40 Committee meeting held Thursday, 28 January 1971." The memorandum is attached to a January 28 memorandum from Nachmanoff to Kissinger that summarizes the Central Intelligence Agency's proposals. Nachmanoff advised, "If you are not satisfied that the discussion in the 40 Committee has adequately covered all of the issues, you may wish to focus only on the two items that require immediate decision—the [dollar amount not declassified] to support Zaldivar, and the [less than 1 line not declassified]."*

Financial Support of Chilean Opposition Parties for the April 1971 Elections and the Purchase of Media Outlets

I. Summary

This memorandum proposes that the political opposition to the Allende government—National Party (PN), Christian Democratic Party (PDC), and Democratic Radical Party (PDR)—be funded in the amount of $1,240,000. Of this amount, [dollar amount not declassified] will be used by these parties to purchase radio stations and newspapers, and [dollar amount not declassified] will be used to support their candidates in the 4 April municipal elections and in a key senatorial election for the seat vacated by President Allende. It is expected that this support will help bolster the political opposition to the Allende government and slow down Allende's progress in establishing a totalitarian Marxist state in Chile. These goals are consistent with the objectives set forth in the Central Intelligence Agency's Covert Action Annex to "Options Paper on Chile" (NSSM 97).

II. Background

The victory of Marxist Salvador Allende and the Popular Front (UP) in the 1970 presidential election has brought to power in Chile a government whose platform calls for the creation of a centralized Marxist state, the sharp diminution of U.S. influence in the country, the initiation of close political and commercial ties with Communist countries, and the elimination of what is regarded as U.S. hegemony in the hemisphere. An unstated but key goal of the Allende regime is the perpetuation of Marxist political power in Chile. The pace at which Allende moves toward construction of a Marxist state is contingent upon several factors, including the degree to which he can establish personal control over the diverse and occasionally opposing factions within the UP and the success of his efforts to neutralize or gain the support of the Chilean Armed Forces. In addition, and most importantly, his pace will be determined by the strength and cohesiveness of the opposition parties.

Political opposition to Allende and the UP is taking shape, but as yet it is neither united nor effective. The development of real opposition in terms of potential for restraining or overthrowing the GOC will probably depend on significant economic deterioration and/or a breakdown of public order.

The principal parties opposed to Allende and the UP are the PDC and the PN. They are not likely to form a united opposition to Allende, but may be induced to cooperate in some degree. The PN has regarded the PDC with extreme hostility since the 1964 presidential election, when the forces which now comprise the PN supported PDC candidate Eduardo Frei. The Frei government later undertook programs and actions which the PN considered detrimental to its interests. The PDC in turn believes that an open alliance with PN rightist forces would be political suicide.

The PDC is the largest political party in Chile and is potentially the most significant opposition force. The party is now divided between a left-wing faction, which favors accommodation and cooperation with the UP, and a center faction under former President Frei. The latter now appears to be gaining internal strength and is reportedly adopting a stronger stance in opposition to the UP. The PN also has potential as an opposition force. It is the second largest political party in Congress and represents the interests of landowners, small businessmen, and parts of the middle class which are not attracted to the PDC. While its possibility for additional growth is limited by its image as a “conservative” or even “reactionary” party, its interests and ideology are directly opposed to those of the UP and it can be strident and vocal in defending them. A third political party, the PDR, represents the conservative wing of the Radical Party which split from its parent party and supported Alessandri rather than Allende in the recent presidential election. The PDR thus represents a protest against current Radical Party participation in the UP and can be used to undercut Radical Party voting strength and to add to opposition effectiveness in Congress.

The Chilean Armed Forces, which have an apolitical tradition, have largely accepted Allende and are cooperating with his government. The Schneider assassination was a demoralizing development for the military and effectively braked whatever sentiment was developing for military action against Allende. The Armed Forces’ potential as an opposition or even as a restraining force is related to the continued existence of viable and vocal political opposition to Allende and the UP. The Chilean military probably would not oppose Allende or, if developments should so dictate, plot his overthrow unless it were ignited by a political opposition force with strong civilian support.

The municipal elections to be held on 4 April 1971 have a fundamental importance for the future of the country. In a speech to the first UP National Assembly on 8 January, Allende insisted that the municipal elections will not be a plebiscite on his government but simultaneously urged UP parties to work out “compensation pacts” (under which parties join forces behind a single party’s list) to avoid dispersion of votes. The real UP goal was stated by Communist Party spokesman Volodia Teitelboim, who hoped the vote would make it clear that “an absolute majority of citizens are for change.” Although Allende is playing it safe in insisting that the election is not a plebiscite, there is no doubt that a massive UP electoral victory will have significant repercussions not only in Chile but throughout Latin America.

Allende obtained 36.3% of the vote in the presidential election. This is a relatively small percentage considering that the three major parties which supported him—Communists, Socialists and Radicals—each has a constituency of about 15% of the national vote. What happened was that he received all of the Communist and Socialist Party votes but that a majority of the Radical voters opted for Allessandri. In the upcoming municipal elections, most Radicals will probably vote for regular Radical Party candidates, and thus Allende could come out of the municipal elections claiming 45% of the vote without picking up a single new supporter. When one considers Allende’s superb political performance during the first two months of his administration, and the speed and effectiveness with which the UP has moved to implement the most popular aspects of its program, it becomes obvious that the UP goal of a popular electoral majority may be achieved in the April elections. Such a victory could encourage nascent popular unity movements elsewhere in the hemisphere as well as disheartening opposition and institutional forces inside Chile. This prospect makes it extremely important for opposition parties to make a vigorous effort in these elections to help maintain the morale of their supporters, evidence party vitality, and strengthen those factions within their respective parties which are willing to make a united effort to maintain democratic freedom.

PDC candidate Andres Zaldivar, Frei's former Minister of Finance, has a chance of winning a separate election to fill Allende's Senate seat, provided rival PN candidate Sylvia Alessandri can be persuaded to withdraw. A PDC victory in this senatorial election would provide a psychological uplift for Allende's opposition and would help offset a UP victory in the municipal elections. Proposed financial support to the PN and the PDC may provide us with the leverage to persuade the two parties to reach a mutually acceptable electoral compromise. If no compromise is reached, PDC and PN election funds will be used to support opposing candidates—an unfortunate possibility which we may be unable to forestall.

III. Proposals

A. Purchase of Media

Since the presidential election, the UP has gained significant control over the nation's media, both through the acquisition of new outlets and through intimidation and economic coercion of commercial radios and newspapers. The opposition is now disadvantaged and needs to improve its media capability.

The PN has no party newspaper or radio station, and now realizes that its inability to project party views forcefully and steadily is diminishing its effectiveness. It can no longer rely on financial contributions from wealthy businessmen, who fear government reprisals, and thus needs outside support to enable it to purchase a radio station (Radio Agricultura) and a newspaper [3 lines not declassified]. The station has an audience estimated at half a million, with short wave broadcasts covering the entire country. Terms of the sale are [dollar amount not declassified] and the remaining [1½ lines not declassified]. The PN is also obtaining a printing press [1½ lines not declassified]. The price is [dollar amount not declassified] payable at the time of sale, actually represents only the value of the building and land, with machinery and equipment being provided without cost [1½ lines not declassified]. The PN has also agreed to serve as a funding channel [less than 1 line not declassified] a small opposition weekly, whose editor will also direct the new daily [less than 1 line not declassified].

The Frei faction of the PDC has a daily newspaper (La Prensa) and a radio network in the south of Chile. In order to carry out an effective political action program, it needs a nationwide radio network to reach the great mass of the Chilean people. It is negotiating for the purchase of Radio Cooperativa, which supported Alessandri's presidential campaign but is now virtually apolitical and in very shaky financial condition. The Cooperativa radio chain extends from Antofagasta in the north to Punta Arenas, the southern tip of Chile. [3 lines not declassified] The PDC is in debt and cannot rely on contributions from party members to carry out its program. Sergio Ossa, the personal representative of former President Frei, is now traveling in the United States, Canada, and Europe to raise funds for the Party, but contributions are unlikely to be substantial or timely enough to permit prompt acquisition of Radio Cooperativa.

The PDR is a relatively small splinter group, but it provides the best available means for attracting Radical Party voters who are dissatisfied with Party leadership which delivered the PR to the Marxists. In order to enhance its ability to reach Radical Party voters, the PDR requires financial assistance to enable it to purchase [less than 1 line not declassified] a small station in Santiago. [1½ lines not declassified] Since [less than 1 line not declassified] now has no news section, it is free of the leftist infiltration which characterizes the news sections of other Santiago radio stations, and its new owners will be able to hire news commentators of their choice. [3 lines not declassified]

In summary, it is requested that the Committee authorize the purchase of the following media outlets as well as the financial support of two small existing opposition papers which would be funded through the PN and the PDR.

[table not declassified]

B. Electoral Support

The CIA Station recommended and Ambassador Korry originally concurred in an election support proposal in the amount of [dollar amount not declassified]. However, this presentation requests approval for only [dollar amount not declassified] since that is the limit we believe can be provided securely and can be utilized effectively by the parties at this time.

It is proposed that electoral funds be allocated to the opposition parties as follows:

IV. Funding

[4 paragraphs (39 lines) not declassified]

VI. Costs

The estimated cost of this proposal is $1,240,000. Of this sum, [dollar amount not declassified] for the purchase of media outlets is available as part of the [dollar amount not declassified] endorsed by The 40 Committee on 18 November 1970 for ongoing and proposed Chile covert action programs.

Additional funds in the amount of [dollar amount not declassified] have been requested by the PDC to cover ongoing administrative support to bolster party infrastructure and to fund the purchase of a new printing press. [2 lines not declassified] Additional funds for the PDC, and possibly also for other opposition parties, may be the subject of a future proposal. Ambassador Korry and the Santiago Station are already on record as favoring such additional support.

VII. Recommendation

It is recommended that The 40 Committee approve this proposal for $1,240,000 with the understanding that additional funds for the ongoing administrative support of opposition parties may be requested at a later date.