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Memorandum for the Record

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Minutes of the Meeting of the 40 Committee, 9 September 1971

Mr. Kissinger, Mr. Mitchell, Mr. Packard, Mr. John Irwin, Admiral Moorer, and Mr. Helms

Messrs.Charles A. Meyer, William Broe, [name not declassified] were present for Items 1 and 2.

Messrs. Thomas Karamessines and Wymberley Coerr were present for Items 1, 2 and 3.

1. Chile—Basic Options on El Mercurio

a. The meeting began with a lengthy summary of the political and economic pressures being exerted on the Santiago daily El Mercurio, which is a symbol and surviving bulwark against the totalitarian thrust of the Allende regime. The country team had recommended the expenditure of $1,000,000 to keep the paper in operation as the last independent, major non-Marxist daily in the country.

b. The Allende approach of harassment and pressure through tax investigations, denial of loans, termination of credits and other squeeze tactics was described. The prognosis was not good.

c. The discussion centered around how far the projected monies might go and whether the paper would go down fighting. The Chairman thought they should open up now with added support from the International Press Institute and all others dedicated to freedom of the press. The pull in the discussion was between the idea of money going down the drain in a lost cause and helping the paper to fight with some aplomb to the bitter end.

d. Mr. Helms was pessimistic, noting that the difference between a Nazi-type seizure of the plant by storm troopers and the slow strangulation by nonspectacular methods was one of sophistication.

e. It was realized that Allende could cut off the water at any time of his own choosing. The Chairman polled the principals around the table. Mr. Irwin for State said he was aware of the realities of the situation but felt State would hate to see the organ disappear without a vociferous campaign. Admiral Moorer said he felt we were gambling with a loser and the expenditure of funds was extravagant. The Attorney General summarized: We should keep a strong voice alive but a weak one would not be worth it. Mr. Packard concurred. Mr. Meyer acknowledged the rat-hole aspects of the subsidy but thought we should still make a fight. Mr. Helms felt that the prospects were not good, either on a short term or long term basis.

f. The Chairman commented that a fighting newspaper might force Allende into egregious action. The Attorney General urged that if the proposal were voted down the USG should not be a drop-out but try to come up with some new ideas.

g. The Chairman then stated that he would take the matter to higher authority. The options were described as (1) to put up the money to keep the paper going for an indefinite period, recognizing the risks and uncertainty, but keeping an opposition voice in being as long as possible while mounting an intensive campaign against Allende's infringement of freedom of the press; and (2) to allow the paper to go under while still making an issue of freedom of the press.

h. On 15 September higher authority determined that covert funding in the amount of $700,000 should be made on condition that El Mercurio launch an intensive propaganda campaign on the freedom of the press issue.

[Omitted here is discussion unrelated to Chile.]