DECLASSIFIED // SECRET; SENSITIVE; EYES ONLY; OUTSIDE SYSTEM

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

Identificador Archival:	frus:frus1969-76v21/d295
Agencia Emisora:	NSC / Casa Blanca
Fecha del Documento:	1972-04-10
Colección / Serie:	FRUS 1969–1976, vol. XXI: Chile, 1969–1973

Nota de Archivo: *Washington. Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 40 Committee Minutes, 1972. Secret; Sensitive; Eyes Only; Outside System. Sent for action. All brackets with the exception of those indicating omitted material are in the original. This memorandum was sent to Kissinger by Jessup under an April 10 covering memorandum. (Ibid.) Also attached to Jessup's memorandum are an April 10 memorandum from Kennedy to Kissinger, with "WJJ" (William J. Jorden) initialed at the top indicating Jorden saw it, and an April 11 memorandum from Kennedy to Kissinger, which Jorden suggested Kissinger approve. Haig signed approval for Kissinger authorizing covert support of the El Mercurio project. Another attached memorandum, a memorandum for the record by Jessup, indicates that the 40 Committee principals (Rush, Irwin, Knowles, Kissinger, and Helms) approved the $965,000 in fundi*

---

40 Committee Meeting—CHILE [April 11, 1972]

CIA has come up with a new proposal for additional support for El Mercurio, the largest newspaper—and loudest opposition voice—in Santiago. The new tranche would be for $965,000.00. It breaks down as follows:

[dollar amount not declassified]—to pay off a bank loan that may be called for payment any day;

[dollar amount not declassified]—to cover El Mercurio's monthly operating deficit through the March 1973 election (Congressional);

[dollar amount not declassified]—collateral to underwrite [1½ lines not declassified] processing materials;

[dollar amount not declassified]—a contingency fund to help meet bank debts, new taxes and other emergencies (these payments would be made on the basis of documented need, endorsed by the Ambassador).

Background

In September 1971, we decided to support El Mercurio in the amount of $700,000. We provided an additional $300,000 between October and December.

Discussion

You are aware—probably painfully—of the background on this one. We seem to get a large bill every few months to keep El Mercurio afloat. I asked at the pre-40 Committee Meeting if there was any evidence of any siphoning off of funds into other Edwards enterprises. CIA claims to have looked very hard at this, and found no such leakage.

The heart of the argument for continuing support is the following from the CIA paper:

"The Ambassador and the Chief of Station indicate that El Mercurio is a significant element in promoting the opposition cause. In our view El Mercurio's continued existence as an independent voice, highly respected both inside and outside Chile, is deemed essential in the forthcoming period leading up to the Congressional elections which, if Allende wins, will permit him to govern on his terms. . . ."

CIA and State favor the proposal. The general feeling appears to be that we have little choice. El Mercurio is important. It is a thorn in Allende's side. It does help give heart to the opposition forces. Without it, the Allende government would have much clearer sailing. And if it goes down the drain because of government pressure—as opposed to financial failure—we have an excellent "freedom of the press" issue to use there and in the Hemisphere.

Thus, I reluctantly conclude that we should go along with this. But before casting a final vote, I would like to hear a thorough rundown on what El Mercurio has done for us recently. In other words, are we getting a reasonable return on the investment?

There is one discrepancy in the paper. On page 12, it says Ambassador Davis thinks we could get by with $756,000. It is not clear where the difference is. CIA believes Davis thinks we can hold off [less than 1 line not declassified]. But I understand that El Mercurio is about to run out of credit. And without ink, a newspaper is not a newspaper—it is just paper.

Talking Points (attached) follow above general line.