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# Memorandum From Director of Central Intelligence Colby to the President's Assistant for National Security Affairs (Kissinger) and the Assistant Secretary of State for Inter-American Affairs (Kubisch)

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Proposed Covert Financial Support of Chilean Private Sector

1. On 20 August 1973, the 40 Committee approved the expenditure of [dollar amount not declassified] through June 1974 for support to the Chilean opposition political parties and the private sector. Of this amount, [dollar amount not declassified] was allocated to the private sector and [dollar amount not declassified] to a contingency fund. The 40 Committee specified in its approval that the contingency fund and the [dollar amount not declassified] allocated to the private sector could only be spent with Ambassador Davis' approval.

2. Chile continues in a state of crisis and the pressures on President Allende and his government are increasing. Allende and his forces appear to be on the defensive, fearing a military coup and unsure of their ability to deal effectively with it if it comes. It is a crucial period in the revolutionary process being pursued by the Allende government. While the key to the situation undoubtedly lies with the military, the left and Allende, the opposition pressure is an essential element of the picture and encourages the military in its resistance to Allende and the left.

3. Given this situation, the CIA Chief of Station in Santiago on 24 August recommended that covert financial support be given to the opposition, beginning with a [dollar amount not declassified] payment to the private sector, in order to keep the pressure on Allende [less than 1 line not declassified]. The Chief of Station discussed his recommendation with Ambassador Davis with the latter indicating that he could not endorse his proposal, particularly support to the private sector, because such a course of action could lead to a de facto U.S. Government commitment to a coup which was a policy issue that only Washington could decide. The Ambassador did agree that soundings should be made in Washington on this matter.

4. The Santiago Station would not be working directly with the armed forces in an attempt to bring about a coup nor would its support to the overall opposition forces have this as its objective. Realistically, of course, a coup could result from increased opposition pressure on the Allende government. However, the broad consensus of the opposition appears to have the massive entrance of the military into the Allende government with real power as its present objective.