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Nota de Archivo: *Summary: This memorandum provided background information on covert political action in Chile since 1964 for DCI Helms and other CIA officials who were required to testify before Congress. Source: Central Intelligence Agency, Office of the Director of Central Intelligence, Job 80B01086A: White House Correspondence Files, Box 12, Folder 29: C–7: Chile. Secret; Sensitive.*

Background for Chilean Hearings

1. The Agency involvement in large-scale political action programs in Chile began with the 1964 presidential elections in response to the threat posed by the Communist-dominated Popular Action Front (FRAP) supporting Salvador Allende. Preparations for the 1964 campaign had begun more than two years earlier during the administration of President Kennedy when the Special Group on 19 April 1962 approved an expenditure of [dollar amount not declassified] to support the left-of-center Christian Democratic Party (PDC) in order to build it up as a democratic alternative to the FRAP coalition.

2. Initially, it appeared that the presidential candidate would be Senator Julio Duran who was backed by a coalition of centrist and rightist parties known as the Democratic Front. By March 1964, by-election results and polls indicated that the Democratic Front was in a state of disarray and that Duran had no chance of winning the presidency. As a result, a new program for [dollar amount not declassified] was approved by the Special Group on 14 May 1964 to support Christian Democratic presidential candidate Eduardo Frei. An additional [dollar amount not declassified] for the Chilean elections was approved by the Special Group on 21 July 1964.

3. Election day, 4 September 1964, produced an overwhelming victory for Frei who won 56.1 percent of the valid votes cast, as against 38.9 percent for Allende. Duran, [2 lines not declassified], received the remaining five percent of the votes.

4. The September 1970 presidential elections were preceded by many months of intensive politicking to determine who the candidates would be. Mr. Jorge Alessandri quickly emerged as the candidate of the Right, as did Mr. Radomiro Tomic for the Christian Democrats. By early 1970, Allende again emerged as the candidate of the Popular Unity forces. In March to June 1970, the 40 Committee approved [dollar amount not declassified] for the Agency to initiate a propaganda program alerting the Chilean people to the dangers of a Marxist Government under Allende. The 40 Committee excluded support to either of the candidates opposing Mr. Allende.

5. It was in this period and context that, at the suggestion of Mr. John McCone, Mr. Broe held his two discussions with Mr. Harold S. Geneen, Chairman and President of ITT, on 16 and 27 July 1970. At the same time the Chief of Station, Santiago had just been contacted by [3 lines not declassified]. At the first meeting, Mr. Broe turned down a request by Mr. Geneen to have CIA channel “substantial” private business funds to Alessandri and made it clear that the U.S. Government was not supporting any candidates. Mr. Broe did agree that, after consulting with Station Santiago he would advise Mr. Geneen on how ITT might best go about this on its own. His check with the COS, Santiago indicated that [name not declassified] with

the advice of the COS, Santiago was already in contact [less than 1 line not declassified] and had set up a secure funding channel. Mr. Broe so notified Mr. Geneen in their 27 July discussion.

6. The Chilean people went to the polls on 4 September 1970; and Allende came out with a slight plurality (36.3%) over Alessandri (34.9%). On 24 October, the Congress was to choose the President from among these two front-runners; and, traditionally, the Congressional choice had been the individual with the highest popular vote. The prospect of Allende as President had caused some economic disruption and coup rumors were abounding. Thus, in late September (29 September), the 40 Committee agreed that strong efforts should be made to add to the economic pressures in Chile [1½ lines not declassified]. It was hoped that economic deterioration might have some effect on the Congressional presidential vote by persuading a sufficient number of Christian Democrats to vote against Allende.

7. [1 paragraph (15½ lines) not declassified]

8. Mr. Allende was elected by Congress on 24 October and was inaugurated within two weeks as President of Chile. In late October and November 1970, this new situation was recognized by 40 Committee authorizations amounting to [dollar amount not declassified] for support of opposition newspapers and radio stations. On 28 January 1971, the 40 Committee authorized [dollar amount not declassified] for support of the three opposition parties in the impending April 1971 municipal elections as well as further aid to the radio stations, newspapers and propaganda activities of the three opposition parties. Subsequent 40 Committee authorizations in the period March through December 1971 and totaling [dollar amount not declassified] provided opposition funding for [number not declassified] Congressional by-elections, [1½ lines not declassified] and the continuance of a wide spectrum of organizational type support for the opposition parties. The opposition almost split the vote evenly with the Government in the April municipal elections and won all seats disputed in the two Congressional by-elections. Today, Allende finds himself in serious economic trouble while facing an increasingly confident and aggressive opposition.

9. Over the past year, Mr. Broe has had five luncheon meetings with [less than 1 line not declassified] in charge of the [less than 1 line not declassified] office. All of these contacts have been at the initiative of [name not declassified] who had been instructed by Mr. Geneen to stay in contact. Discussions at these luncheons did not involve any Chilean proposals but were devoted mainly to the general situation in Latin America at that time. Contact with ITT has also been maintained through a Headquarters officer, [5 lines not declassified].

10. Some of the questions it is anticipated might be raised with the DCI along with suggested answers are the following:

a. What is the relationship of the ITT with the Agency regarding Chile?

—ITT contacted the Agency in July 1970 and indicated that it wished to put a fairly substantial amount of funds into the Allende opposition camp during the presidential election campaign.

—ITT wanted us to handle the funds for them but we refused. The Agency was precluded from supporting any candidate in the election.

—We did, however, advise ITT concerning the security of their proposed funding channels in order to avoid taking chances on giving Allende an issue at some critical point. [2 lines not declassified]

b. How much did ITT put into the Chilean presidential elections?

—I don’t know.

c. Was William V. Broe, an Agency employee, in contact with ITT as reported?

—Mr. Broe was formerly the Chief of the Latin American Division of the Clandestine Service and is now the Inspector General of the Agency.

—[5½ lines not declassified] The purpose of this policy in that particular situation was to try to persuade the Chilean Congress not to select Allende as president. Because none of the candidates had a majority of the popular vote, the Chilean Congress was to choose between the two leading candidates, Salvador Allende (36.3%) and Jorge Alessandri (34.9%). The U.S. business community with interests in Chile was viewed as an important part of this program, [1½ lines not declassified].

d. When Mr. Broe saw [name not declassified] on 29 September 1970, was he acting under instructions from you?

—Yes. Mr. Broe indeed was instructed to see [name not declassified] with a view to ascertaining what U.S. business with interests in Chile, including ITT, was doing there and to determine the extent of its capability and willingness to intensify the economic problems already becoming apparent there.

e. Did Mr. Broe continue these contacts after Allende was inaugurated?

—Yes, on a sporadic basis, but they consisted of general discussions about the Latin American situation and did not cover any specific proposals or activities regarding Chile or any other country for that matter.

f. Has the Agency had any other contacts other than Mr. Broe's with ITT on Chilean matters?

—An Agency representative in Latin America did discuss the security of the ITT funding program during the 1970 presidential elections with ITT representatives. This, as I noted before, was in order to avoid taking chances on giving Allende an exploitable issue during the campaign. [10½ lines not declassified]

g. Did in fact ITT and CIA consider triggering a coup by economic pressures or other means?

—Coup talk abounded amongst the Chileans in the period between Allende's plurality at the polls (4 September) and his election by Congress (24 October) and his inauguration (3 November). Our intelligence indicated this was a quite remote possibility despite all the discussion about it. It was also clear from our reporting that Frei and all the major military leaders were very much opposed to any abrogation of the constitutional process.

—The major U.S. objective in generating economic pressures at the time was to have Allende enter office by as narrow a vote in the formal Congressional elections as possible; then neither he nor his constituency would think he had a strong enough mandate to move quickly on a number of key Marxist measures which would, as he had promised, make Socialism irreversible in Chile. Instead, in political terms, he would have to feel his way along cautiously.

—In the end, we were counting on the fact that the economic results of his actions (raising wages, nationalizations, inflation, flight of capital, etc.) would eventually take their economic toll and catch up with him, and this is pretty much what has happened in the last year and a half. Ultimately, we expected this would cause him to lose some of his fringe political support and render him incapable of pursuing his Marxist goals.

—In short, we thought his economic policy would be his ultimate undoing and that a coup was not feasible at all.

h. Did the Agency make approaches to members of the Armed Forces in an attempt to provoke an armed uprising?

—No, we were in contact for intelligence gathering purposes only—as we are expected to be. It was clear, despite the loose coup talk around, that the Chilean military were constitutionally oriented. [name not declassified] did talk coup to three key Chilean military officers [less than 1 line not declassified] as did [3 lines not declassified].

i. Did the Agency have contact with General Viaux or offer him material assistance and support?

—No, but we were watching him closely through intelligence sources. He had tried, unsuccessfully, to instigate a coup in October 1969 from Tacna, a garrison town in the interior of Chile. He was retired shortly after that and, at the time of Allende's election a year later, he was on the outside and did not have appeal to the active duty military. (In fact, we were in contact with some of his supporters trying to foment a coup, but this was done through case officers under third national cover.)

j. Was CIA involved in any way in General Schneider's assassination?

—No.

k. What, if anything, did the Agency do during the 1970 election campaign?

—The Agency spent [dollar amount not declassified] over a period of six months during the pre-election period on propaganda activities to emphasize the dangers of Marxism to Chile. This campaign included media placements in both radio and publications and underwriting numerous leaflets and posters. I want to emphasize that no money was given by the Agency or the U.S. Government to any candidate. This program was approved by the 40 Committee.

—[1 paragraph (2 lines) not declassified]

l. What has CIA done since Allende's inauguration in Chile?

—We have attempted to determine what Allende, the Soviets, the Cubans, and other Bloc countries, as well as the extreme leftist exiles from other Latin American countries, are up to in order to expose their activities in both Chile and the rest of the Hemisphere, and we have been supporting the opposition in a variety of ways. (This includes support to parties, candidates, and media—particularly in connection with [number not declassified] Congressional by-elections as well as the 1971 Municipal elections—in an effort to assist the opposition to Allende.)

m. Was the CIA in touch with President Frei at that time?

—No.

—Our information at that time was that Mr. Frei was subjected to many pressures from fellow Chileans to do something to stop Allende from becoming president. Ultimately Mr. Frei and his party decided to vote for Mr. Allende when Congress met on 24 October 1970 to select the president.

—[1 paragraph (8½ lines) not declassified]

n. [less than 1 line not declassified]

—[1 paragraph (11½ lines) not declassified]

[Attachment (4 pages) not declassified]