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Memorandum for the 40 Committee

Identificador Archival:	frus:frus1969-76ve16/d110
Agencia Emisora:	NSC / Casa Blanca
Fecha del Documento:	1972-04-19
Colección / Serie:	FRUS 1969–1976, vol. E-16: Documentos sobre Chile, 1969–1973

Nota de Archivo: *Summary: This memorandum requested funding for efforts to support the PIR after it left the UP governing coalition. Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1971–72. Secret; Sensitive; Eyes Only. A notation on the first page indicates the 40 Committee approved the memorandum by telephone on April 24.*

Request for Permission to Use Available Funds to Support the Radical Party of the Left (PIR)

I. Summary

The second Status Report on Financial Support to Opposition Parties in Chile, dated 6 April 1972, informed the 40 Committee that a coordinated effort was being made to induce the Radical Party of the Left (PIR) to leave the government Popular Unity (UP) coalition. [name not declassified] a lawyer with a large business clientele had told PIR leaders in March 1972 that he could raise [dollar amount not declassified] from his business clients which would be made available to the PIR the day they broke with the UP. On 6 April the PIR pulled out of the UP coalition, and on 7 April the promised funds were passed to PIR leaders. The exodus of the PIR from the UP is a serious political setback to Allende since it undermines the broad-based image of popular support which he has been attempting to create, and weakens his chances of putting together a winning coalition in the 1973 Congressional elections.

On 5 November 1971 the 40 Committee authorized [dollar amount not declassified] for support to the Democratic Radical Party (PDR), the conservative wing of the Radical Party, which split from its parent party and supported Alessandri rather than Allende in the 1970 presidential election. The 40 Committee also approved [dollar amount not declassified] for the (PIR), which split from the Radical Party on 3 August 1971, for the purpose of fostering dissension within the UP and eventually inducing the PIR to leave the UP. The funds allocated for the PIR have been spent, but [dollar amount not declassified] of the amount approved for the PDR can be reprogramed to the PIR without damaging the PDR's existing political capabilities. It is requested therefore that CIA be authorized to use [dollar amount not declassified] originally approved by the 40 Committee for the PDR to assist the PIR in the period through July 1972. In addition, authority is requested to use an additional [dollar amount not declassified] which is available within existing Agency funds, to support the PIR through October 1972. In October a new proposal will be submitted to the Committee outlining the needs of all opposition parties during the period preceding the March 1973 Congressional elections. In our view, the total [dollar amount not declassified] can be passed securely to the PIR.

II. Background

The PIR (formerly called the MRII) split from the Radical Party PR on 3 August 1971, immediately following the PR's national convention. PIR leaders, who include five senators and seven deputies, issued a lengthy statement criticizing the "rigging" of the convention and the PR's adoption of Marxist ideology, while describing their new party as democratic and non-Marxist—a stance which appeals to a large number of former PR members. Allende made a strong effort to retain the

support of the PIR, and in January 1972 the party accepted two cabinet posts (Minister of Justice and Minister of Mines). Despite this close association of the PIR with the UP, it was apparent that a majority of PIR members, including PIR President Luis Bossay, favored leaving the UP at an opportune time provided that they could locate adequate sources of financial support for their future political activity.

[name not declassified] established channels of access to the PIR immediately after the PR–PIR split, and by October 1971 had become convinced that the availability of financial support would be a decisive factor in determining the party's future course. After the 40 Committee's approval on 5 November of [dollar amount not declassified] for the PIR, [less than 1 line not declassified] to act as a funding channel for small monthly contributions which were described as coming from the local business community. [3 lines not declassified] As their confidence in him increased, these leaders become increasingly frank in discussing their motives, plans and problems, including their reasons for distrusting promises of support from the business community, which had defaulted on similar commitments in the past. By making a series of increasingly substantial but still relatively small contributions, [4 lines not declassified].

By 23 March it appeared fairly certain that the PIR intended to leave the government in the next few months, with the exact timing to be determined by Bossay, who wanted to withdraw on a clearcut issue which the electorate would understand. The strategic moment came on 5 April, based on Allende's vetoes of key provisions of the "three areas" Constitutional amendment. The PIR, working through the PIR Minister of Justice, had been negotiating with the Christian Democratic Party (PDC) to work out a compromise on this crucial bill, but Allende had agreed to the hard line recommended by the Socialist Party in handling these vetoes rather than the more moderate position worked out by the PIR. [name not declassified] requested an emergency meeting [less than 1 line not declassified] saying that the promised financial support was essential to the party and he wanted to be sure the money was available before passing the point of no return. He was reassured [less than 1 line not declassified] regarding this support. On 6 April the two PIR cabinet ministers resigned and the PIR pulled out of the UP. In a major speech on 6 April President Allende sharply denounced the PIR's withdrawal from the government and the UP, threatened a plebiscite to dissolve Congress, and announced that the government had approved a 12 April march by opposition forces but that the UP would reply with its own demonstration on 18 April. The Ambassador has reported that the unusually testy manner in which Allende reacted to the PIR departure from the UP indicates that this PIR action is a serious blow to Allende. This is because Allende's favorite theme has been that the UP coalition includes non-Marxist parties whose major appeal is to the middle class, of which the PIR was clearly representative.

In outlining their financial needs, PIR leaders have reported that their only income [less than 1 line not declassified] is approximately 150,000 escudos a month, most of which comes from Chilean businessmen of Lebanese background who have been traditional supporters of various Radical Party factions. At a minimum, the party will need an additional [number not declassified] escudos a month for operating expenses, and hopes to obtain about [number not declassified] escudos for the electoral campaigns of the two PIR senators and seven deputies whose terms expire in March 1973 as well as for other PIR congressional candidates. The PIR also intends to buy Radio Yungay, in order to have its own media outlet, and plans to use the [number not declassified] escudos which they received on 6 April [less than 1 line not declassified] for this purpose. Acquisition of this particular station has been a Radical Party objective for a long time. In January 1971 the 40 Committee authorized [dollar amount not declassified] to enable the PDR to purchase Radio Yungay, but this authorization was never implemented because PDR leaders decided they could not manage or maintain the station effectively. The Embassy and the Station are both concerned about continuing UP efforts to increase the number of radios under their control, and believe that the PIR's acquisition of this small Santiago station is desirable as one of the principal means by which PIR political momentum can be maintained. Details regarding the radio's purchase price and current terms of sale are not yet available.

The PIR will need an estimated [dollar amount not declassified] in financial support to cover monthly operating expenses through October 1972, by which time a new proposal will be submitted to the 40 Committee outlining the financial needs of all opposition parties for the March 1973 Congressional election campaign. One half [less than 1 line not declassified] is available from funds previously authorized by the Committee for the PDR and could be used to cover operating expenses for the months of May, June and July 1972. The remaining [dollar amount not declassified] for operating expenses for August, September and October 1972 is available within the Agency. The above estimate of monthly PIR operating costs was provided by PIR leaders during discussions [less than 1 line not declassified] and no detailed breakdown of these costs is available at this time. We expect to be able to obtain a detailed breakdown of the purposes for which any future funds passed to the PIR are spent, and this information will be included in future status reports.

In addition to the [dollar amount not declassified] to cover monthly operating costs of the PIR, the Ambassador and the Station estimate that another [dollar amount not declassified] should be made available [less than 1 line not declassified] to the PIR for electoral purposes even before the October 1972 opening of the March 1973 election campaign. These funds would serve the purpose of demonstrating the [less than 1 line not declassified] ability to raise funds for the PIR's election campaign and allay any fears PIR leaders might have about their means of financing the elections. The total funds to be committed to the PIR up through October 1972 would thus consist of the [dollar amount not declassified] transferred from PDR allocations previously approved by the Committee and an additional [dollar amount not declassified] which is available within the Agency for this purpose. (See Attachment for details.)

III. Proposal

It is proposed that [less than 1 line not declassified] approved by the 40 Committee on 5 November 1971 for support of the PDR be made available to cover PIR operating expenses through July 1972. In addition it is requested that [dollar amount not declassified] which is available within the Agency, be approved for use in supporting the PIR through October 1972. By 1 November 1972 the funds approved by the Committee on 5 November 1971 for support to all opposition parties for a calendar year will have been spent. As a result a new proposal will be submitted to the 40 Committee in October 1972 covering the needs of all opposition parties, including the PIR, during the period preceding the March 1973 Congressional elections.

IV. Funding and Risks

[2 paragraphs (20 lines) not declassified]

The future political progress of the PIR will be watched closely, particularly by the PR and by the other small parties which still remain within the UP coalition. Without financial resources, the PIR will either wither away or will be forced to sue for readmission to the UP. Either eventuality would effectively discourage any further defections from the UP. On the other hand, an active, reasonably effective PIR could serve to attract additional supporters away from the PR and to inspire further defections by other small UP parties which resent Socialist and Communist Party domination of the UP and the government. Anti-government statements made by PIR leaders who have been members of the government and have participated in the UP since its inception will have unique impact and political credibility, both inside Chile and abroad. Though PIR strength at the polls in the forthcoming Congressional elections may be only 3–5% of the total electorate, the PIR's opposition to UP candidates could have an important psychological impact as well as a bearing on overall election results since the UP and the opposition parties were within 2% of each other in the Municipal Elections of April 1971 which was the most recent test of voter strength on a national basis.

V. Coordination

This proposal has the concurrence of the Ambassador and the Assistant Secretary for Inter-American Affairs.

VI. Cost

No new costs are involved. The [dollar amount not declassified] was previously authorized by the 40 Committee for support of the PDR and the balance of [dollar amount not declassified] is available within the Agency.

VII. Recommendation

It is recommended that the 40 Committee approve the reprograming of [dollar amount not declassified] from the PDR to the PIR and the use of an additional [dollar amount not declassified] which is available within the Agency for the support of the PIR through October 1972.

[1 attachment (1 page) not declassified]