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Memorandum for the 40 Committee

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Nota de Archivo: *Summary: This memorandum, titled "Chile: Request for Additional Funds for 4 March 1973 Congressional Elections, proposed additional covert financial support to continue funding political opposition in Chile in hopes of gaining crucial senatorial seats. Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile 1973–. Secret; Sensitive; Eyes Only. At the top of the first page there is a notation in an unknown hand that reads, "approved orally by Haig minute 2/16/73." At the bottom there is a notation in another unknown hand that reads, "approved by the 40 Committee on 12 February 1973." A memorandum for the record by Ratliff dated February 12 states that the 40 Committee telephonically approved the request for additional funds. (Department of State, Bureau of Intelligence and Research, INR/IL Historical Files, Box 1, Chile, 40 Committee Action After September 1970)*

Chile—Request for Additional Funds for 4 March 1973 Congressional Elections

I. Summary

On 26 October 1972 the 40 Committee approved $1,427,666 to support political parties and private sector organizations opposed to the Popular Unity (UP) coalition of President Salvador Allende in the 4 March 1973 congressional elections. The funds requested at that time for each opposition party were based on detailed reviews of campaign budgets prepared by each organization and were considered to be realistic in terms of opposition needs.

Since October 1972 there has been a sharp and unforeseeable rise in many costs. Campaign materials, such as paints and printing inks, are so scarce that competing parties must pay "under the table" prices to insure an adequate supply. Prices of radio and press advertising have risen, as well as costs of services and transportation. [2 lines not declassified]. The efforts of the opposition parties and their candidates have been highly effective thus far, but an additional [dollar amount not declassified] is required to permit the two major opposition parties to conduct the campaign at the level required in the final stage of the campaign as well as on election day. Of the additional [dollar amount not declassified] being requested, [dollar amount not declassified] would be allocated to the Christian Democratic Party (PDC); [dollar amount not declassified] to the National Party (PN); and [dollar amount not declassified] to a contingency fund.

This proposal has the concurrence of the U.S. Ambassador to Chile and the Deputy Assistant Secretary of State for Inter-American Affairs. The funds requested are available within the current CIA budget allocation.

II. Background

On 26 October 1972 $1,427,666 was authorized for election support on the following basis:

In early January 1973, increased costs forced the opposition parties to begin reviewing their campaign budgets, and it became evident that the [dollar amount not declassified] contingency fund would need to be committed. In mid-January, with the concurrence of the Ambassador, the [dollar amount not declassified] was distributed as follows: PN—[dollar

amount not declassified], PIR—[dollar amount not declassified], PDR—[dollar amount not declassified] [4 lines not declassified]. The [dollar amount not declassified] distributed to the PN were for the purpose of (a) increasing the party's radio and TV coverage and (b) [5 lines not declassified]. Contingency funds distributed to the PIR and PDR provided additional support to [less than 1 line not declassified]. These funds were particularly important to the PDR since the opposition's ability to capture an additional seat in three senate districts appears to hinge on the capability of the three PDR senatorial candidates to wage a strong campaign.

III. Election Campaign Progress

Since November 1971 the Santiago Station has concentrated on trying to improve the organizational structure of the opposition parties. The PDC has made significant progress in this regard. Basic data on some 125,000 PDC members have been recorded in the party's IBM computer program, so that each PDC candidate has been provided with a machine listing of all members in his district, together with information on each member's occupation, car ownership, and other pertinent data. In addition, the PDC has largely replaced its old unwieldy "comuna" organizations with neighborhood "bases", thus acquiring a cellular structure which has made it possible for the PDC to carry out grass roots organizational activities such as door-to-door campaigning.

[less than 1 line not declassified] the PN and PDR have been much less successful in building political machines capable of mobilizing their electorates in a systematic manner. This shortcoming is due primarily to the personalistic management of PN President Sergio Onofre Jarpa and PDR President Julio Duran. The PIR is trying to build a modern, efficient party organization, but it has not been in existence long enough to build a fully effective grass roots organization. Its development has been spotty and its campaign effectiveness varies from district to district.

[1 paragraph (27 lines) not declassified]

Despite some kinks, the opposition parties are campaigning well and are optimistic about their election prospects. They believe they have a good chance to win with a 60/40 split of the popular vote. President Allende estimates the UP will obtain 38% or 39% of the vote, while the Communist Party, which has been quite accurate in previous electoral prognostications, feels that the UP will attain 42%.

On balance, there is good reason for opposition optimism at the moment, since popular discontent is high, and the UP coalition is suffering from internal dissension, while the opposition confederation is relatively free from inter-party friction. The government, however, has just begun to implement its electoral strategy. The government realizes that the basic election issues relate to economic matters—specifically, to inflation and to the shortages of essential consumer goods, particularly foodstuffs. Thus, the UP is in the process of initiating an all-out propaganda campaign blaming consumer shortages and a parallel black market on hoarding by middle and upper class Chileans. This campaign features daily stories about government discoveries of foodstuffs being withheld from the legal market, with banner headlines and photographs illustrating the effectiveness of government action in impounding the vast quantities of such items. UP success in locating and confiscating hoarded material has actually been limited. Nonetheless, it is expected that the government will soon release to the public large quantities of food it has stored in warehouses throughout the country, claiming that this is the result of its anti-hoarding campaign. In this manner, the UP hopes not only to decrease public discontent over shortages but to relate the increased availability of food to government action against black marketeers, who will be portrayed as supporters of the political opposition. While this strategy may be transparent to some Chileans, it is likely that many, especially in the lower income sector, will give some credence to government claims. This type of tactic, plus more active electioneering on the part of President Allende, will probably give the UP a significant boost in the closing weeks of the campaign.

The Station's basic objective will continue to be to insure that each opposition candidate conducts the most effective campaign possible in order to assure the highest possible popular vote for the opposition confederation. The opposition forces have set an optimum goal of attaining a two-thirds majority in the Senate; and while it is unlikely they will realize this, Station electoral strategy is also designed to attempt to achieve this objective.

IV. Proposal

It is proposed that [dollar amount not declassified] be approved to supplement the funds already authorized for the four political parties which are opposing the UP in the 4 March 1973 congressional elections. These funds are needed to insure that the opposition has sufficient resources during the final, critical period of the campaign. The funds requested would be allocated as follows:

A. PDC

The PDC Economic Commission, which manages the campaign budget, is very much aware that this election must be run on a "pay as you go" basis. Very little credit is available to the PDC; and, in any case, the party is determined to avoid a repetition of the problems created by the 1970 presidential campaign deficits.

For the current elections, the PDC exceeded its local fund-raising goals, collecting approximately $135,000 from its members and sympathizers but, in so doing, it has apparently exhausted all available domestic sources. [15 lines not declassified]

B. PN

The PN has made strenuous efforts to collect funds locally and, in addition, has sent fund-raisers to other Latin American countries, where it has had considerable success in obtaining contributions from individual donors and business groups. Like the PDC, the PN has now exhausted its sources for campaign funds.

The PN requires an additional [dollar amount not declassified] for use in key Senate races and to cover, for the balance of the campaign, the increased costs of materials, such as paints and printing inks, and of services, such as transportation. For example, recent increases in the cost of new automobiles have not only resulted in an astronomical rise in car rental prices but have also made car owners reluctant to lend their vehicles to the party for campaign purposes. The [less than 1 line not declassified] would be allocated as follows:

[chart not declassified]

TOTAL [dollar amount not declassified]

C. Contingency Fund

A contingency fund of [dollar amount not declassified] is requested to provide for emergency requirements which may arise in connection with key races where the opposition has a chance of acquiring an additional seat. These contingency funds would provide additional flexibility during the final phases of the campaign. The expenditure of this contingency fund would be subject to the approval of the Ambassador.

D. Present and Proposed Funds Distribution

If this proposal is approved, the present and future allocation of funds among the four opposition parties would be as follows:

V. Funding and Accountability

[1 paragraph (8 lines) not declassified]

VI. Coordination

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

VII. Costs

The cost of this proposal is [dollar amount not declassified]. These funds are available within the Agency budget.

VIII. Recommendation

It is recommended that the 40 Committee approve the proposal to provide an additional [dollar amount not declassified] to the opposition parties for the purposes outlined in Section IV above.