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Memorandum for the 40 Committee

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Nota de Archivo: *Summary: This memorandum, titled "Chile: Request for Funds to Support Opposition Political Parties and Private Sector Organizations through June 1974," presented an overview of the recent political developments in Chile and recommended that additional funds be approved to continue the covert funding of political parties and private sector opposition groups. Source: Department of State, Bureau of Intelligence and Research, INR/IL Historical Files, Box 1, Chile 1973–1975. Secret; Sensitive; Eyes Only.*

Chile: Request for Funds to Support Opposition Political Parties and Private Sector Organizations through June 1974

I. Summary

This memorandum proposes that [dollar amount not declassified] be approved for the support of political parties and private sector organizations opposed to the Popular Unity (UP) government of President Salvador Allende during the period from 1 July 1973 through 30 June 1974. Funds previously approved by the Committee to enable the opposition alliance (Democratic Confederation—CODE) to campaign during the period preceding the 4 March 1973 congressional elections provided for subsidy payments to each party for the months of March and April 1973 while the outcome of the election was being assessed. These funds have been adequate to enable the parties to maintain their organizations intact through June 1973.

Support requested for the four opposition parties for the period beginning 1 July 1973 is as follows: [dollar amount not declassified] for the Christian Democratic Party (PDC); [dollar amount not declassified] for the National Party (PN); and [dollar amount not declassified] for the two Radical splinter parties (the Democratic Radical Party—PDR and the Radical Party of the Left—PIR). [dollar amount not declassified] is also requested to [6 lines not declassified].

The requested financial support is considered to be realistic in terms of opposition needs and capabilities during the coming year. The outcome of the congressional elections provided a psychological boost to Allende and encouraged the UP to push forward with its revolutionary programs. The abortive military coup attempt of 29 June 1973 strengthened Allende still further. Many Chileans believe that the next six months to a year will determine whether or not Marxist domination of the economy can be irreversibly established.

[1 paragraph (10 lines) not declassified]

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

II. Political Background

The congressional elections of 4 March 1973 demonstrated that the UP has considerable support among low income groups and among those who voted for the first time under the recently-relaxed voting standards (primarily illiterates). These groups supported the UP despite rampant inflation and acute shortages of consumer items primarily because political polarization has produced an acute class consciousness which has led the Chilean poor to identify with the Allende regime. As a result of this support from the lower classes, the UP has already begun to push forward on various socialization fronts with renewed confidence and at an accelerated pace. The UP can be expected to remain flexible, advancing its program as rapidly as possible but retaining the capability to retreat and compromise when necessary. Allende's ability to manipulate the Armed Forces, control his Communist and Socialist supporters, and to deal with the civilian opposition was recently strengthened by the small abortive military uprising of 29 June 1973.

The UP parties are now beginning to think more and more in terms of the 1976 elections, since they now believe they can generate enough of an advantage with the electorate by then to retain power. Allende is grooming cabinet ministers Clodomiro Almeyda and Jose Toha as successors, and either of these choices would be a formidable candidate for the presidency. At the same time, the UP has begun to denigrate former President Eduardo Frei, the opposition leader most likely to be able to defeat the UP candidate in the presidential race. In addition, the UP expects the government's growing economic power will have a significant and beneficial impact on the political loyalties of the population prior to 1976. The Communist Party of Chile (PCCh) sees the next six to nine months as the critical period for the UP's economic program. Once having surmounted that period, the PCCh believes that the strength of the UP's control over the country's economic infrastructure will permit more efficient management and, thereby, induce the Soviet Bloc to provide more substantial economic support.

In contrast to the UP, opposition leaders and groups have lost some confidence in their ability to contain the UP until the 1976 elections. But, the opposition elements have not given up by any means. They are doing very well in blocking the government's proposed unified national school bill as well as government efforts to consolidate control over what remains of the private sector. Nevertheless, no opposition group, except possibly the PDC, can foresee surviving in its present form until 1976, and even the PDC is somewhat less sanguine than before the March 1973 elections about the prospects for preventing the UP from perpetuating itself. Further, an increasing number of Chileans in the opposition camp have left or are preparing to leave Chile.

The survival of the private sector is under heavier pressure than ever before. Even Frei, who formerly championed Chile's need for a healthy and dynamic private sector, stated in the wake of the March 1973 elections that capitalism no longer has a future in Chile and announced his support for the concept of "socialist communitarianism," an ill-defined doctrine of "Christian" socialism long advocated by Radomiro Tomic.

Under the circumstances, the Armed Forces have become the key political force in Chile—wooed by both sides. An increasing number of opposition members tend to believe that only intervention by the Armed Forces can prevent the irrevocable imposition of Marxism, and they have been seeking some means to support or bring about such intervention. (Their hopes have been diminished by the ill-planned and uncoordinated coup attempt of 29 June 1973, although this abortive effort may not have completely discouraged serious coup plotters.) [1½ lines not declassified] On behalf of the government, both President Allende and Minister of Defense Toha have been highly effective in their personal appeals and relationships with Chilean military leaders.

The Armed Forces themselves remain basically anti-Marxist and critical of the UP, but have a strong tradition of hierarchal discipline and a basic predisposition against political intervention on any side.

During the coming months some combination of circumstances, such as increasing violence and deteriorating economic conditions, could bring the military back into the government at the cabinet level. The terms of its participation would be

crucial. If the military got Allende's agreement to suspend or modify the UP program, its intervention would improve the opposition's prospects for 1976. It should be noted, however, that when the military last took cabinet posts, Allende maneuvered successfully to exploit them for his own purposes, and the UP increased its voting strength thereafter. Nevertheless, UP moves against the judiciary, the school system or other sectors may stimulate the growing discontent of middle and lower ranking officers with the present government and generate pressures on the military leadership for action to brake the UP's socialization programs.

III. Options

There appear to be three basic covert action options with regard to Chile at this juncture.

A. Withdraw financial support completely from the opposition groups, maintaining only intelligence contact.

Since January 1971 the Committee has approved financial support totalling $6,476,166 for the Chilean opposition in accordance with the U.S. policy of maintaining maximum covert pressure to prevent the Allende government's consolidation and to limit its ability to implement policies contrary to U.S. and Hemispheric interest. Adoption of this option would require a conscious reversal of the present policy with regard to Chile aside from the fact that the opposition very probably could not endure until the 1976 elections without U.S. Government support.

B. Undertake an action program designed to provoke military intervention.

Some opposition leaders would like to undertake a coordinated program designed to heighten political tensions and increase economic chaos and popular discontent in order to provoke military intervention. Encouraging in any form these leaders to organize a series of confrontations designed to precipitate a military coup would involve grave risks. These risks are not acceptable at least at this time. This does not rule out the possibility that a period of increasing crisis and conflict may lead in any direction, including direct or indirect intervention by the Chilean military on its own volition in the months ahead.

C. Provide financial support to the political parties and the private sector to enable them to maintain the effectiveness of their organizations and media, to implement new programs designed to improve their electoral support, especially among low-income groups, and to counter UP efforts to implement its revolutionary program.

The opposition must have financial support to survive and to blunt the UP's primary objective of dividing Chilean society along class lines. Barring a military resolution, this option appears to represent the best hope for carrying a viable opposition towards 1976.

V. Proposal

It is proposed that Option C above be adopted and that, for the period from 1 July 1973 through 30 June 1974, [dollar amount not declassified] be authorized for support of the opposition as outlined below.

The PDC is the only opposition party which is capable of making significant inroads into the UP's electoral strength. For this reason, funds will be required to support the PDC's projected efforts to recruit and organize new supporters among organized labor, farm workers, slum dwellers, and other lower-class sectors where the UP, and particularly the Socialist Party, attracted mass support in the March 1973 elections. The PDC's image and program activities must swing to the left, with emphasis on the party's "socialist communitarianism" doctrine, in order to win converts from among UP supporters. PDC leadership is now more united than ever in the past in its determination to oppose the UP. The PDC will also need assistance in maintaining and strengthening its media outlets.

The PDC plans to move left to compete with the Socialist Party, which has made the biggest gains in recent elections and could hold the key to the 1976 electoral contest. The PN, which also gained in the March 1973 elections, will maintain its inflexible opposition to the Allende regime on the conservative side of the political spectrum. The PDC and PN will continue to collaborate on specific strategic issues, but their CODE alliance will be terminated as a formal relationship. The PN will need organizational support, particularly in its efforts to strengthen the mass organizations which are linked to the party, such as the provincial farmer organizations, and to maintain its media, women's, and university sectors.

These splinter factions from the Radical Party (PR) who went over to the opposition were battered by the March 1973 congressional elections results. They are groping to find some new approach to the problem of attracting those cohorts who remain within the mother PR in the UP coalition. These two groups, though small, cannot be ignored since every vote will be important in 1976. Whether or not these two splinter parties eventually decide to merge, they will need funds to maintain their organizations and to project an image capable of splitting the PR again as well as attracting PR dissenters.

D. [2 paragraphs (32 lines) not declassified]

The Ambassador is concerned about the current high-level of tension in Chile and has reservations about supporting the private sector, which he feels is likely to contribute to these tensions in the hope of stimulating some form of military intervention. While the Ambassador's reservations in this respect are certainly shared [9½ lines not declassified]

[3 paragraphs (44 lines) not declassified]

VII. Coordination

This proposal has the concurrence of the Ambassador and has been discussed with the Department of State whose position will be stated at the 40 Committee meeting.

VIII. Costs

The cost of the proposal is [3 lines not declassified]

IX. Recommendation

It is recommended that the 40 Committee approve the proposals as set forth in Section V above for support of the opposition in the amount of [dollar amount not declassified] from 1 July 1973 through 30 June 1974.