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Memorandum for the 40 Committee

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Nota de Archivo: *Summary: This memorandum proposed additional funds for the three political parties opposed to the Unidad Popular (UP) coalition of Allende. Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1971–72. Secret; Sensitive; Eyes Only. A handwritten note at the bottom of the page reads, "5 Nov. 1971Approved." The memorandum is attached to a November 3 memorandum from Nachmanoff to Kissinger summarizing the proposal. For Nachmanoff's memorandum and the memorandum for the record of the November 5 40 Committee meeting, see Foreign Relations, 1969–1976, vol. XXI, Chile, 1969–1973, Documents 270 and 271.*

Chile/Financial Support of Opposition Parties and of the Independent Radical Movement of the Left

I. Summary

This memorandum proposes that continuing financial support be provided to the three political parties opposed to the Popular Unity (UP) coalition of President Salvador Allende. It also proposes that a small contribution be made to the Independent Radical Movement of the Left (MRII—a non-Marxist splinter element of the Radical Party which has remained within the UP coalition) in order to try (a) to keep the Radical movement split and (b) to foster disruption within the UP.

New funds in the amount of [dollar amount not declassified] are requested to support the Christian Democratic Party (PDC), the National Party (PN) and the Democratic Radical Party (PDR) during the next year: [2½ lines not declassified]

The requested financial support for opposition parties is considered to be realistic in terms of current party capabilities. It reflects the probability that the PDC will receive [dollar amount not declassified] in support from European sources which the party may use for political action purposes. In general, such support should assist PDC, PN, and PDR efforts to oppose UP plans to replace Congress with a unicameral legislature through a national plebiscite, to prepare for the 1973 Congressional elections, and to maintain and increase their mass media capabilities.

Support to the MRII is designed to open a channel to the MRII so that, if and as appropriate developments occur, we are in a position to try to influence the MRII to adopt a spoiler role within the UP coalition. The initial contribution would also serve to encourage party cohesion and organization. These goals are consistent with the objectives set forth in the Central Intelligence Agency's Covert Action Annex to "Options Paper on Chile" (NSSM97).

II. Background

The 18 July Valparaiso by-election did not materially alter the political balance of power established by the April municipal elections, which were essentially a stand-off between the UP and the opposition. If the opposition had lost the Valparaiso by-election the effects would have been profound, since a UP victory would have demoralized the opposition, created internal problems for the PDC and PN, and demonstrated that Allende and the UP were still gaining strength in a

conservative area where the opposition had won only three months earlier. A UP victory in Valparaiso would also have encouraged Allende to convoke a plebiscite to replace the two houses of Congress with a unicameral legislature more responsive to UP control. Opposition leaders feel that the Valparaiso election may have marked the high point as far as UP popularity with the electorate is concerned and that economic problems have already begun to erode the UP's political base. If this assessment is correct, the UP may soon decide to opt for a plebiscite, rather than to wait until economic conditions deteriorate further.

In any event, the government has already gained broad control over the economic life of the country and is moving quickly to eradicate the financial base of the free press and the opposition parties. The plebiscite remains a constant threat to Chilean democracy. Under the circumstances, the opposition parties must be able to keep the public informed about UP plans and pressures while maintaining party organization and discipline in preparation for the plebiscite and the 1973 elections.

The MRII split away from the Radical Party (PR) on 3 August 1971, immediately following the PR's national convention. The dissidents, 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. Allende is making every effort to retain the support of the MRII, promising its leaders one or two cabinet posts if the MRII joins the government formally. At the same time one of the top PCCh objectives is to reunite the PR to avoid a proliferation of political problems within the UP coalition.

III. Proposals

A. The Christian Democratic Party (PDC)

The PDC remains Chile's largest single political party and the one which probably represents the most effective opposition to the Allende regime. The 8 June murder of Edmundo Perez Zujovic, one of the founders of the PDC and Minister of Interior under former President Frei, prompted the PDC, PN and PDR to unite and successfully support a common candidate in the Valparaiso by-election. Although the PDC will continue to support the government on some issues and programs which coincide with the PDC platform, the party has now firmly established itself in opposition and the recent defection of its collaborationist left wing has strengthened internal party discipline. The PDC must, however, attract UP dissidents—particularly those who once supported the PDC—and must compete with the Communists and Socialists to retain the allegiance of PDC supporters in the campesino, labor, youth, and other grass roots sectors where the UP is concentrating its organizational efforts.

The PDC unfortunately is almost completely without organization or structure, despite having controlled the government for the last six years. The party has no full-time, paid political activists and relies exclusively on the part-time voluntary service of its militants. Moreover, the party newspaper, "La Prensa", has a daily circulation of only 16,000. PDC radio stations are being subjected to increasing economic pressures, and it will need financial assistance if its efforts to take control of TV Channel 13 at Catholic University are successful. The PDC's electoral support, though widespread and covering many sectors of Chilean society, is subject to rapid erosion if the party does not take vigorous measures to retain it.

Financial support requested by the PDC in order to maintain itself as a viable and effective political organization during the coming year is delineated below:

1) Administration: Rent of party offices and salaries of a few key administrative employees both in Santiago and the provinces: [dollar amount not declassified]

2) Cadre: Salaries of political activists who would be selected from the working level of the PDC's union and labor groups, student organizations, women's groups and campesino leagues and given special training by the PDC: [dollar amount not

declassified]

3) Intelligence and Research: Salaries of a special group consisting of ten full-time and ten part-time personnel to collect political intelligence (especially from PDC members still employed by the government) and conduct background research for use by party leaders, parliamentarians and media outlets: [dollar amount not declassified]

4) Equipment: Purchase and replacement of mimeograph machines, portable loud speaker systems, typewriters and other office equipment necessary to create an effective administrative support structure: [dollar amount not declassified]

5) Propaganda: Funds to cover operating deficits of PDC media, to produce pamphlets, and to make placements in non-party and student media: [dollar amount not declassified]

6) Political Surveys: Underwriting of PDC surveys to assess popular reaction to key national issues, identify areas where party appeal is weak, and determine themes for party propaganda: [dollar amount not declassified]

7) Catholic University's TV Channel 13: In May 1971, pro-PDC forces at the Catholic University won a majority in the elections for the "Grand Assembly" which controls the University. The Assembly passed a resolution which makes the university community responsible for the programming of the University's TV Channel 13, which formerly was controlled by groups dominated by the Popular Unity Action Movement (MAPU—a PDC splinter faction which is a member of the UP coalition). PDC moderates within the University have already succeeded in modifying the pro-UP line of the TV station and now appear to be in an excellent position to replace the station's press chief and to reorient its political line completely. If the PDC wins decisive control of the channel, opposition forces will have access to a channel, which has the largest TV audience in Santiago. The PDC will need financial assistance to support the TV station, which depends on advertising for its revenue, since the government has already issued a regulation which limits financial sponsorship and advertising on Channel 13: [dollar amount not declassified]

TOTAL: [dollar amount not declassified]

It should be noted that European Christian Democrats have given assurances they will provide an additional [dollar amount not declassified] to the PDC for political action purposes. If this support actually materializes, the PDC will receive a total of [dollar amount not declassified] requested above plus the [dollar amount not declassified] from European sources).

B. The National Party (PN)

PN leaders, parliamentarians and newly-elected councilmen have met several times since the municipal elections to analyze the results of the elections and to critique their performance. They recognized that their party leadership was ineffectual in the northern part of Chile; the party had an unfavorable image as a reactionary force representing conservative agricultural and industrial interests; and in general the party needed to improve its organization. On the other hand, they also felt that the gradual disappearance of large business and landholding interests under the UP government would facilitate the creation of a new party image more to the center of the political spectrum. At the present time the party is working out a blueprint of this "new look" in party structure and image. The PN is carrying out a province-by-province analysis of the voting patterns of each district in anticipation of the 1973 congressional elections in order to identify those areas where an extra push by the PN or the PDC could take a seat away from the UP.

The following assistance is required to help the PN to build and support a viable nationwide organization during the coming year:

1) Administration: Salaries, travel, and organizing expenses of a few key party functionaries in Santiago: [dollar amount not declassified]

2) Cadre: Salaries and training of 15–20 full-time activists, costs of renting offices, and support of party organizational activities in each province: [dollar amount not declassified]

3) Intelligence and Research: Creation of small special group which would concentrate on collecting intelligence from the armed forces and civilian police (with whom the PN has traditionally maintained good relations) and which would also research material for use by PN parliamentarians and media outlets: [dollar amount not declassified]

4) Political Surveys: Support of PN surveys to assess popular reaction to key national issues, identify areas where party appeal is weak, and determine themes for party propaganda: [dollar amount not declassified]

5) Political Action: Assistance to functional arms of the PN, including professional groups (lawyers, technicians, etc.), youth and student organizations, and women's groups: [dollar amount not declassified]

TOTAL: [dollar amount not declassified]

In addition, the PN has spent only [dollar amount not declassified] of the [dollar amount not declassified] which was approved by the Committee in January 1971 for the purchase and maintenance of media outlets. The [dollar amount not declassified] unspent balance is thus still available for use in maintaining these media during the coming year.

C. The Democratic Radical Party (PDR)

The PDR showed sufficient strength in the April municipal elections (125,000 votes) to merit its continuation as a political party. The votes obtained by the PDR at the expense of the Radical Party diminished the Radical Party's importance in the UP coalition and reinforced the PDR's "spoiler" role.

The PDR realizes that it must now develop a party ideology and structure which provides room for growth above and beyond its role as a haven for disaffected Radical Party members. But finding this new image for the PDR as a party in its own right is going to be difficult. The PDR's organization is fragmentary and its influence among the younger generation is all but non-existent. Furthermore, the party is run by a handful of older politicians and needs more energetic leadership as well as better internal discipline. The party also lacks a sound financial base. It receives token contributions from the salaries of its two senators and three representatives, but most party expenses are covered haphazardly by those few party leaders who can afford to do so.

The funds which the PDR can realistically absorb and effectively employ during the coming year are estimated as follows:

1) Organizational Expenses: [dollar amount not declassified]

2) Propaganda Costs: [dollar amount not declassified]

TOTAL: [dollar amount not declassified]

It should be noted that the [dollar amount not declassified] authorization by the Committee for the PDR purchase of a radio was not implemented during the last fiscal year because PDR leaders decided they could not manage a radio.

D. Independent Radical Movement of the Left (MRII)

Although the MRII labels itself a democratic, non-Marxist party, its leaders now consider it politically advantageous for them to remain within the UP coalition. If they maintain this position through the 1973 elections, we will have no interest in providing them with more than token financial support. MRII leaders, however, estimate that 70% of former PR members support the MRII's anti-Marxist stance, and they must decide prior to 1973 whether the chances for reelection of the two MRII senators and seven deputies whose terms expire at that time will be better if the MRII remains within the UP

or campaigns as an independent party. It is proposed to pass a contribution of about [dollar amount not declassified] to the MRII to establish a channel to the [less than 1 line not declassified] MRII through a third party and thereafter make any further support increments contingent upon MRII willingness to react under specific circumstances in a way that fosters dissension within the UP. The initial contribution would also serve during this developmental period to encourage party cohesion and organization. It is requested that the Committee authorize the use of up to [dollar amount not declassified] with the MRII on the basis outlined above.

IV. Funding

The bulk of the funds requested for the three political parties will continue [1½ lines not declassified]. It has been demonstrated that large amounts of currency can be passed securely in this manner, and opposition party leaders oppose the use of any legitimate funding cover because funds arriving legally from abroad must be converted at the disadvantageous official rate.

[1 paragraph (11 lines) not declassified]

It is well-known in Chile that former President Frei has been in Europe raising funds for the PDC. [35 lines not declassified]

V. Risks

A. Operational

The operational climate in Chile has not yet become overtly hostile. Thus far there has been no evidence of government action against any USG personnel, except for one possible case of harassment of an Embassy officer, [1½ lines not declassified]. Nevertheless, reporting indicates that the Chilean security forces have been receiving special training and guidance from Cuban supervisors and that Agency personnel will be among their priority targets. As the competence and capabilities of the security forces improve, it is reasonable to expect that the opposition parties and their sources of financial support will receive increasing attention. These political parties must be able to develop convincing attribution for the funds [less than 1 line not declassified] to them. Fund-raising campaigns soliciting anonymous contributions have been employed successfully by Communist Parties throughout Latin America for years and should prove equally effective for our purposes; double bookkeeping is also a standard Latin American practice. The money-raising campaign being conducted by the PN has so far been quite successful and has enabled the party to meet its normal operating expenses and to cover its monthly media deficits. The PDC is also soliciting funds but this money is currently being used to pay off the balance of the party’s campaign debts. PDR funds have always come from a few wealthy party leaders and supporters whose continuing patronage provides adequate cover for the limited support proposed. Funds proposed for passage to the MRII will be channeled [2 lines not declassified].

B. Political

In addition to the operational risks, it should be noted that there is no way to guarantee that a portion of the proposed subsidy funding of the PDC will not be used to pay off PDC election debts. Obviously every effort will be made to prevent such PDC use of these funds and in particular to insure that they will not be applied to the $1,115,375 debt which the PDC still owes from Tomic’s 1970 presidential campaign. The Valparaiso by-election and the recent resignations of a few pro-UP PDC leaders have reduced collaborationist tendencies within the party; and the PDC now appears to be firmly committed to a rational, but firm, opposition role.

VI. Coordination

Ambassador Korry endorsed an earlier proposal for additional support to the PDC, but deferred to his Deputy Chief of Mission for coordination on the present proposal because of his imminent departure from Chile. The Deputy Chief of Mission has endorsed the present proposal. Ambassador Davis has been briefed on the proposal for support to the opposition parties. This proposal also has the concurrence of the Assistant Secretary and the Deputy Assistant Secretary of State for Inter-American Affairs.

VII. Costs

The cost of this proposal is [dollar amount not declassified] of this amount [dollar amount not declassified] would be used to build the organizational and media capabilities of the PDC, to enable it to retain the allegiance of its supporters, particularly in lower income and university sectors, and to prepare for a plebiscite and the 1973 congressional elections. Another [dollar amount not declassified] would be used to strengthen the PN, particularly through assistance to PN functional arms such as professional, technical, youth and women's groups, and to increase that party's ability to oppose the UP in a possible plebiscite and in the 1973 congressional elections. [dollar amount not declassified] would be employed to help the PDR develop stronger organizational and media capabilities and to encourage the emergence of new party leadership. The remaining [dollar amount not declassified] in new funds would be available for use with the MRII to try to disrupt the UP coalition.

VIII. Recommendation

It is recommended that the 40 Committee approve the proposal as outlined in paragraph IV above in which [dollar amount not declassified] is requested for the PDC, PN and PDR and [dollar amount not declassified] for the MRII.