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Memorandum for the 40 Committee

Identificador Archival:	frus:frus1969-76ve16/d99
Agencia Emisora:	NSC / Casa Blanca
Fecha del Documento:	1972-01-21
Colección / Serie:	FRUS 1969–1976, vol. E-16: Documentos sobre Chile, 1969–1973

Nota de Archivo: *Summary: This status report to the 40 Committee on U.S. covert funding of opposition political parties in Chile recounted the dispersal of funds to each party, the purposes for which the funding was expended, and its effectiveness since November 5, 1971. Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 40 Committee Records, Minutes. Secret; Sensitive; Eyes Only. At the bottom of the first page, a notation in an unknown hand reads: "Distributed to the 40 Committee 24 Jan 1972. No Minutes on this item. Hewitt (NSC) read on 11 Feb 1972."*

Status Report on Financial Support to Opposition Parties in Chile, including Support for 16 January 1972 By-Elections

I. Summary

On 5 November 1971 the Committee approved new funds in the amount of [dollar amount not declassified] for the following twelve-month period to support Chilean political parties opposed to the Popular Unity (UP) coalition of President Salvador Allende and to influence the Radical Party of the Left (PIR—formerly called MRII). In approving these funds, the Committee requested a status report every sixty days which would specify the purposes for which these funds were being expended and assess their effectiveness.

Since 5 November, a total of [dollar amount not declassified] has been passed to the three opposition parties and the PIR; of this amount, [dollar amount not declassified] has been made available to the Christian Democratic Party (PDC); [dollar amount not declassified] to the National Party (PN); [dollar amount not declassified] to the Democratic Radical Party (PDR) and [dollar amount not declassified] to the PIR. Available evidence indicates that the funds passed during November and December 1971 have been employed effectively by the recipients and that they have contributed to the increasing strength and confidence being exhibited by the Chilean opposition.

On 15 December the Committee approved an additional [dollar amount not declassified] to support opposition candidates in two by-elections which were held on 16 January. This financial assistance was instrumental in enabling both candidates to defeat their UP rivals; indeed, both the PDC and PN have characterized this support as having been "absolutely indispensable" under the circumstances. Before the voting, President Allende had said that the elections would indicate the electorate's acceptance of government policies, and there was a massive commitment of government forces and largesse to the election. Both UP and opposition leaders campaigned as if the government's future were at stake. Since the elections constitute a popular rejection of the government's political and economic program, the results are likely to provoke sharp debate within the UP on future strategy.

II. Background

Opposition forces, despite a long history of bitter rivalry with each other, have begun to cooperate on endeavors where it is in their common interest and to their mutual advantage in confronting the government on specific political issues. [4 lines

not declassified] For example, in early December, the PDC and PN joined forces in the famous “pots and pans” women’s march episode which came to symbolize in a rather dramatic fashion the increased resistance to the Allende government. [1½ lines not declassified] Since that time, the two parties joined in organizing a semi-secret women’s organization called “SUN” which conducts telephone and doorbell-ringing campaigns to get women to participate in political activities; the PN sent its supporters to help fill the national stadium in Santiago for a PDC-sponsored rally on 16 December and also supported the PDC move to impeach Minister of Interior Toha. The PN and PDC cooperated in organizing an ad-hoc committee to deal with the government when opposition radio stations were closed for a brief period in December as a result of UP-instigated employees’ demands on management. The PDC, PN and PDR worked together in Congress on a bill which defines the sectors of the economy, and cooperated very effectively in the by-election campaigns. During this period the government was troubled by serious politico-economic difficulties in the copper mines and also encountered increasing campesino opposition to its agrarian reform program. Tension also remained high at the University of Chile, although violence there has declined as a result of a 4 January 1972 agreement providing for the resignation of all university officials on 31 January to be followed by new elections and a university plebiscite on 27 April which had been demanded by opposition forces. The military, disturbed by evidences of political disorder and economic mismanagement, have become increasingly politicized, tending to interpret promotions or shifts within their own ranks in terms of political losses and gains for the government or opposition.

Although all these trends appear to favor the opposition—and the by-elections prove that public confidence in the UP government has declined—the UP still has the political leverage with which to regain the initiative. On 29–30 December, President Allende met with leaders and delegates from all the government coalition parties in a special assembly to decide what actions should be taken to regain the momentum the UP enjoyed until late 1971. A special approach was made to the PIR, and on 31 December PIR Deputy Naudon announced that the PIR, as an independent political entity, would soon join the UP. At the same time, Allende was almost certainly trying to provoke a new split in the PDC. The opposition’s newfound unity is fragile, and the hardening of the PDC’s position as an opposition party working closely with the PN and PDR created new tensions among left-wing party sectors responsive to Radomiro Tomic and Bernardo Leighton. This restless PDC faction reportedly includes about 10 PDC Congressmen who are opposed to any PDC cooperation with the PN as well as to the PDC’s impeachment proceedings against Minister Toha. One of the most positive results of the 16 January by-election has been to vindicate the moderates in both the PN and the PDC, and particularly the PDC’s Frei faction, which pushed the PDC–PN alliance. Despite this electoral victory, however, the PDC left wing remains vulnerable to UP pressures. Now that the PIR has apparently returned to the UP fold, the government will certainly spare no effort to divide and weaken the PDC, particularly since a new PDC split might seriously affect the opposition’s present parliamentary capability for preventing the UP from gaining dominant power by constitutional means.

[Omitted here are Section III, Section IV, and Section V.]

VI. Conclusions

As a result of the January by-elections, the UP government is on the defensive for the first time. Voter turnout for a by-election is usually low in comparison with a national election, but in this case the turnout was virtually the same as in the April 1971 municipal elections. In each province approximately 3% of the voters shifted from the government to the opposition, as contrasted with the April results, so that the government can no longer maintain that it represents an electoral majority. The democratic parties, delighted by this victory, have gained new confidence in their ability to obstruct successfully the government’s program to “construct Socialism” in Chile.

[3½ lines not declassified] All the opposition parties conducted fund-raising campaigns and in fact received quite substantial contributions, but the massive character of government intervention in the campaign necessitated an opposition effort which would have been impossible without U.S. support. In Linares, for example, the government organized and

financed the entire Mery campaign, giving away thousands of dollars worth of sewing machines, boxes of food and all kinds of supplies which were brought in by government transport (a PN leader estimates that the campaign cost the government $500,000 to $750,000 in Linares alone). UP paramilitary organizations functioned openly, not only physically harassing the opposition but using violence to intimidate the voters. The systematic campaign of violence and intimidation conducted by the government was so widespread that the large voter turnout and calm atmosphere of election day was almost certainly made possible because of the physical presence of army units in the voting centers.

The aggressiveness and vigor of the opposition electoral campaigns was possible because new confidence had been engendered by the success of the first organized public efforts to oppose the Allende regime. [15 lines not declassified] There can be no doubt, however, that the opposition's success was made possible largely because of the financial aid provided by the U.S. Government, which significantly built up the confidence and capabilities of the parties. No security problems have arisen in connection with any funds passed to date.

Funds approved by the Committee for the ongoing support of the opposition parties will continue to be used for the purposes specified in the memorandum approved by the Committee on 5 November. It is impossible to predict what action the UP may decide to take to cope with the political problems which have been intensified by the opposition's electoral victory, or with the economic crisis which seems certain to be exacerbated by the proposed U.S. approach to Chilean debt renegotiation. Status reports will continue to be submitted every 60 days on the progress being made by opposition parties in restructuring themselves for increasing political activity. These reports will also attempt to analyze the various options open to the Allende government and to the opposition parties during this critical period.