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EXCISE

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DEPARTMENT OF STATE

Washington, D.C. 20520

SEC[redacted]T[redacted]

Dept. of State, RPS/IPS, Margaret P. Grafeld, Dir.
( ) Classify as (✓) Extend as (5) Downgrade to
Date 1/31/01 Declassify on _____ Reason 25X1

MEMORANDUM

July 5, 1968

Chile Project (#S199900030)
U.S. Department of State
Release _____ Excise X Deny _____
Declassify: In Part X In Full _____
Exemption(s) B1

TO: G - Ambassador Bohlen

THROUGH: INR/DDC - William C. Trueheart WCT

FROM: ARA - Covey T. Oliver

SUBJECT: Chile: Assistance to Congressional Candidates

The attached memorandum asks 303 Committee approval of a proposal that we help elect, through covert financial assistance, moderate candidates in the 1969 elections in Chile. An initial contingency fund of [redacted] is requested, which would be used for this purpose at the direction of the Ambassador on recommendation of an Embassy "election team" made up of State and CIA personnel.

The memorandum identifies a number of factors at work in Chile since early 1967 that have gravely eroded the position of President Frei and his moderate supporters and that have led to a situation in which all three of the likely important candidates in the 1970 presidential elections are actively seeking Communist Party support. These adverse influences include a renewed upsurge of inflation, a decline in the rate of increase of the GNP, a loss of momentum in the pace of social reform, and loss of important areas of support in Congress with an accompanying assumption of leadership of the Christian Democratic and Radical Parties by left-wing elements. The upshot of these developments is a real possibility that in 1969 Chile will elect a Congress dominated by the Communists and by the Socialists, who in Chile are a particularly doctrinaire and left-wing group. Such a development would in turn bring quite material prospects that in 1970 there will be elected as President either a pro-Communist President or -- as in the case of former Ambassador Tomic -- one who can be unduly dependent on Communist and Socialist support.

The objective of the attached proposal is therefore to promote the election in 1969 of the greatest possible number of moderate senators and deputies in order to maximize effective opposition to the popular front candidate in 1970 and to create a body of moderates who could act as a restraint on the policies of any popular front president, should one be elected.

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The determination as to which candidates will be supported will be made by the Embassy election team. Support will go to the candidate as individuals rather than to party organizations, for these organizations will almost certainly nominate some men that the U.S. would not wish to assist. The money will be made available to those selected through [redacted] Risks of exposure, while of course present, are believed to be acceptable. As Embassy selections are made, and as the campaign procedes, the Agency will from time to time submit reports to the 303 Committee on the progress of the Embassy's efforts.

Of the [redacted] sought, [redacted] would be used in the manner described above. [redacted] would be spent for media operations [redacted] for possible support to a new splinter socialist party in order to exacerbate socialist differences; [redacted]

ARA agrees with the objectives of the proposal program and believes that the methods and tactics described in the CIA memorandum are suited to their attainment. The forces led by Frei are by and large dedicated to reform through the democratic processes; they represent therefore an important alternative to the varieties of social extremism that trouble the politics of Chile and of much of the rest of Latin America. The survival and health of these forces is desirable and congenial to our interests. I therefore recommend that you support the proposed action program.

Attachment:

As stated.