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SUBJECT: Agency Covert Action Operations in Chile Since 1962

I. Covert Action Culminating in 1964 Presidential Election Campaign

(1962 - 1964)

Covert U.S. Government involvement in large-scale political action programs in Chile began with the 1964 presidential elections in response to the serious threat posed by Marxist candidate Salvador Allende, whose stated intent was to bring about an "irreversible" Marxist revolution in Chile. In the 1958 presidential elections Allende had polled a surprisingly strong 30% of the total vote and had actually come within 33,000 votes of winning the election in a 4-way race. As the 1964 election approached, it became clear that the Communist-dominated Popular Action Front (FRAP), a coalition of leftist parties supporting Allende's bid for the presidency, was preparing to make an all-out effort to win the 1964 elections.

In 1962 funds were authorized to support the left-of-center Christian Democratic Party (PDC) in order to build up this party as a democratic alternative to the FRAP coalition. The PDC candidate for the 1964 presidential elections was then-Senator Eduardo Frei, by far the Party's best known and most influential leader.

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parties known as the Democratic Front. Funds were authorized to assist these parties [REDACTED] in the municipal elections.

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On 15 March 1964 a by-election was held in the province of Curico. This contest represented the only test of the respective voting strength of the FRAP, the Democratic Front, and the PDC prior to the 4 September 1964 presidential election. It was therefore billed by the Democratic Front, which expected to win, as a "national plebiscite" which would forecast a Duran victory in September. The surprise victory of the FRAP candidate, with 39.5% of the vote, proved to be a deathblow for the Democratic Front, which fell into a state of disarray, and made Allende the clear favorite for the September election.

In April 1964 the Special Group approved the first installment of what was to develop into a \$3 million dollar program to support the PDC [REDACTED] This massive effort was considered essential by the U.S. Government to prevent the accession to power of a Marxist government which would give the Communists a base of operations in the Southern Hemisphere equivalent to and potentially even more useful than Cuba in the Northern Hemisphere.

[REDACTED]

[REDACTED]

The success of the Agency operation was due in part to the fact that the Station had been aware for the previous two years that the Agency might be called upon to support either the Democratic Front or the PDC in the presidential election. The Station had been authorized to mount preliminary operations in support of both organizations [REDACTED]

[REDACTED] This skeletal operational machinery was fleshed out as soon as the decision was made to support the PDC in the primary role and the Radical Party in the secondary role.

[REDACTED]

[REDACTED]

The Agency also launched and maintained a large-scale, varied and carefully paced propaganda campaign which successfully undid the efforts of the communist-front candidate to appear as a respectable "independent" leftist. The communists publicly blamed this propaganda campaign for their defeat.

[REDACTED]

[REDACTED] After the campaign, the 303 Committee noted with approbation the high percentage of the electorate which voted (86%) and the very few votes that were invalidated (six-tenths of 1%).

[REDACTED]

The election proved to be an impressive triumph for Frei, who won 56.61% of the vote as against 38.9% for Allende and 5% for Duran. [REDACTED]

Management of the operation was facilitated by the excellent working relationship between the Agency and the Department of State, both in Washington and in Santiago. [REDACTED]

## II. Covert Action During the Frei Regime

(1965 - 1968)

Funds were authorized to assist selected candidates in the March 1965 congressional elections. This program was designed to assist 35 moderate candidates representing all non-FRAP parties who were considered to be involved in tight races against leftist candidates. The election results proved that President Frei's great popularity had carried over into the congressional election since moderate, particularly PDC, candidates scored impressive victories in many close races.

But by early 1968 President Frei and his Christian Democratic Party (PDC) had clearly lost much of their previous popular support. The PDC was also rent by internal dissension between left wing factions and the more moderate group led by President Frei. At the same time the Communist Party was launching a program designed to unite as many leftist and left-of-center groups as possible in preparation for the 1970 presidential elections. (PR 30/67)

In view of the increasingly uncertain political outlook, a program for \$350,000 was authorized in July 1968 for the March 1969 congressional elections with the objective of strengthening Chile's moderate political forces in anticipation of the 1970 presidential election. This program consisted of (a) providing financial support to [REDACTED] candidates in the non-Marxist parties; (b) supporting a splinter Socialist Party (Popular Socialist Union - USP) in order to attract votes away [REDACTED]

from Salvador Allende's own Socialist Party; (c) carrying out propaganda activities against the Marxist left; and, (d) assisting independent groups in support of democratic candidates.

The election results showed that this limited program had been relatively effective. Ten of the twelve candidates selected for support won their races including a victory in one Senate race where a leftist victory had been considered almost a certainty. The support provided to the dissident Socialist group was particularly worthwhile because its 52,000 votes deprived Allende's own Socialist Party of a minimum of 7 Congressional seats, all of which were won by moderate candidates. As a result, the regular Socialist ended up with only 19 Congressional seats instead of the 26-30 they would have won.

### III. Covert Action Preceding the 1970 Presidential Election (1970)

The September 1970 presidential elections were preceded by many months of intensive politicking to determine who the candidates would be. Mr. Jorge Alessandri emerged as the candidate of the Center-Right, and Mr. Radomiro Tomic for the Christian Democrats. By early 1970, Allende again emerged as the candidate of the Popular Unity forces. In March 1970 the 40 Committee decided that the U.S. should not support either of the candidates opposing Allende but that spoiling operations should be undertaken against the Popular Unity (UP) electoral front, a coalition of Communists, Socialists and other leftists supporting Allende. In March 1970, the 40 Committee approved [REDACTED] to support a propaganda mechanism [REDACTED]

[REDACTED]

During the campaign, incidents of violence became increasingly frequent; but Communist avowals of disapproval of political violence were drowned-out by the din of explosives detonated by the extremist Movement of the Revolutionary Left (MIR).

[REDACTED]

The visual impact of more than one hundred thousand posters reminding the Chilean voter that a vote for Allende was a vote for violence, not to mention innumerable



radio programs belaboring the same theme, treated violence as a national issue of transcendent importance. By mid-1970,

[REDACTED]

Actions aimed at the leftist-oriented leadership of the PR and the PR itself were considered significant in that in a close race large-scale defections of that Party's rank and file to Alessandri could be crucial in bringing about Allende's defeat.

[REDACTED]

The period between April and June 1970 witnessed a decline in Alessandri's popularity. It seemed that once the mystique of Alessandri's name and personality began to wear off, deficiencies in the management of his campaign and the deliberate failure to articulate a government program began to appear in more striking relief. As the Chilean elections were entering the final stretch, it was evident that the race still was between Alessandri and Allende, but that the latter's voter appeal had registered uninterrupted growth.

The proposal which the Committee had approved in March 1970 had been considered adequate to deal with the threat of an Allende presidential victory at that time. However, it provided

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that if Allende made significant gains, additional action might be recommended by the Ambassador and the Chief of Station. Thus, on 18 June, the Ambassador recommended an expansion of the political action program based on his analysis of the continued decline of Alessandri, the stagnation of Tomic, and the gathering strength of Allende. Indications were that there was a spread of four percent between Alessandri and Allende and about the same distance between the latter and Tomic. Further, there had begun a shift of women voters from Alessandri to Allende and Ambassador Korry felt that this trend, unless altered, augured the election of Allende as President and the imposition of a Marxist state in Chile. Based on Ambassador Korry's recommendation, the Committee on 27 June 1970 agreed to authorize an additional [REDACTED] for anti-Allende activity, bringing the total approval up to [REDACTED] for a program to alert the Chilean people to the dangers of a Marxist government under Allende. [REDACTED]

#### IV. Covert Action During Period Between the Presidential Election and the Inauguration

Allende was a narrow winner in the three way presidential election of 4 September, gaining 36.6% of the vote as compared to 35.3% for "conservative independent" Jorge Alessandri and 28.1% for PDC candidate Ramon Tomic. [REDACTED]

[REDACTED] Allende received substantial financial support from abroad, including [REDACTED] from the Cubans and a much larger sum from the Soviets. His election signified the first time a Marxist Chief of State had been elected to office. Chilean election law provides that when no presidential candidate receives a popular majority, the Chilean Congress must choose between the two top candidates. For a time it appeared that Congress might vote on 24 October for Alessandri, and [REDACTED] was approved by the 40 Committee for contingency use by the Ambassador if it appeared that funds would be needed by the moderate faction of the PDC. [REDACTED] These

funds were not spent. During this same period (September 1970) there was considerable economic disruption in Chile, and on 29 September the 40 Committee agreed that strong efforts should be made to add to the economic pressures in Chile by, among other things, [REDACTED]

[REDACTED] It was hoped that economic deterioration might have some effect on the Congressional presidential vote by persuading

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*the Dept. of State*

a sufficient number of Christian Democrats to vote against Allende. While ~~both~~ the Agency and the Ambassador tried to generate some action ~~\_\_\_\_\_~~, neither were able to do so. The Agency did engage in propaganda operations within Chile ~~\_\_\_\_\_~~ in an attempt to convince the Christian Democrats to vote for Alessandri. It also attempted to do so through various emissaries sent to Chile, all to no avail.

~~\_\_\_\_\_~~

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V. The Allende Regime (U.S. Policy Guidelines)

After Allende's inauguration President Nixon decided that (1) the public posture of the United States toward the Allende government would be correct but cool, to avoid giving the Allende government a basis on which to rally domestic and international support for consolidation of the regime; but that (2) the United States would seek to maximize pressures on the Allende government to prevent its consolidation and limit its ability to implement policies contrary to U.S. and Hemispheric interests.

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## VI. The Allende Regime and its Political Actions

After its advent to power, the Allende government began to implement a program to gain absolute control of all sources of power inside Chile without regard to established constitutional guaranties of civil liberties.

The UP government found itself continually at odds with the legislative and judicial branches of the government which, because of repeated abuses of the law, had been declared by the Congress, the courts and the Comptroller-General of the Republic, to have placed itself outside of the law and the Constitution, in separate declarations on 26 May 1973, 2 July 1973, and 22 August 1973. Its battles with the legislative and judicial branches were only of secondary importance to Allende, who had accepted the advice of the Communist Party in attempting to achieve absolute control of the economy as the principal means of perpetuating itself in power.

This economic control was designed to weaken the political opposition by eliminating the private sector which provided the financial support for the opposition's electoral, organizational and media activities. The government thus had drawn up a list of all Chilean corporations whose capital reserves exceeded \$500,000 and earmarked them for nationalization. Congress attempted to block this effort by passing legislation defining the economic areas subject to government ownership, but the government continued to expropriate, requisition or intervene Chilean firms.

It was as part of this government program to silence the opposition by economic pressure that action was taken against the independent press. The government first tried unsuccessfully to obtain control over the national paper company and, thus, control the distribution of newsprint. Other pressures then were applied to individual news outlets: extensions on loans were not granted by banks which by now had fallen under government control, taxes on independent news media were raised to astronomical proportions, and large claims for back taxes were made which required expensive litigation to contest. Government advertising and the large revenue it produced no longer was available to any but government-lining outlets. And, the government incited Marxist-controlled labor unions to strike against the independent news media and even close them down temporarily for allegedly slandering the Allende government.

As an adjunct to economic pressures, the Allende regime began to develop the concept of "popular power." Revolutionary organizations were formed which paralleled the functions of legal, existing organizations. Special communal commands (JAPS) thus were established to control the distribution of essential articles, mainly food, and government supplies were channeled through these communal commands rather than through existing retail outlets. The commands had the dual function of displacing "bourgeois" organizations and training their members for armed revolution.

Within the government, Allende's closest collaborators had not been the leaders of his own Socialist Party, but those of the Communist Party who were more disciplined, unified, and capable. Communists largely were responsible for running the economic program, counting heavily on Soviet support. There were 1,200-odd Soviets in Chile and as of March 1972 Soviet Bloc credits of some \$200 million dollars had been extended to that country. Additionally, the Soviets were dangling an offer of \$300 million to the Chilean military for the purchase of military equipment.

Allende viewed himself as the man who would do what Castro had failed to do: displace American hegemony in Latin America by using constitutional tools to fashion a Marxist revolution which would be irreversible. While he and Castro chose to follow different roads in pursuing their revolution, they had a common objective. As Allende had said during his campaign, "Cuba in the Caribbean and a Socialist Chile in the Southern part of South America will bring about ~~the~~ revolution in Latin America as a whole."

The Soviets left to the Cubans most of the revolutionary guidance and support provided to the Allende regime. Allende was a close friend of Castro and [REDACTED]

[REDACTED] After Allende's inauguration, the official Cuban presence grew from zero to 54 (and eventually to more nearly 100). [REDACTED]

[REDACTED]



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Chile quickly had become the Latin American mecca for  
leftist extremist revolutionaries and exiles, who were  
eventually estimated to number between ten and fifteen  
thousand. [REDACTED]

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VII. Covert Action During the Allende Regime

(1971)

After Allende's inauguration, 40 Committee approved funds were used to help maintain and strengthen the democratic opposition, which was being systematically attacked by the government. During 1971, the 40 Committee approved [REDACTED] over two-thirds of which was used to support the three democratic parties then opposing the government: The Christian Democratic Party (PDC), the National Party (PN) and the smaller Democratic Radical Party (PDR). The first major test for the democratic opposition, which at that time was deeply divided by a legacy of mutual suspicion and distrust, was the 4 April 1971 Municipal election. This election took place barely six months after Allende's accession to power, during the traditional "honeymoon" period. During January and March 1971 the 40 Committee approved funds to enable the two major opposition parties [REDACTED] and to provide all three parties with funds for the municipal election campaign. In the election Allende's UP coalition won 49.74% of the vote as compared to 48.90% for the democratic opposition. This was the high water mark of Allende's strength and popularity. The Allende governments popularity declined steadily thereafter. At the time of the military takeover 40% or less of the Chilean people supported the government. This estimate is based on the results of

several by-elections and the congressional election of March 1973 which showed that the Allende regime was steadily losing popular support. After the election additional amounts were approved for the PDG:

[REDACTED]

In September 1971, \$1,000,000 was approved to help the independent Santiago newspaper El Mercurio, which

was being subjected to strong economic pressure from the Allende

government. Finally, in November 1971, [REDACTED] was approved,

which was to be used to maintain and strengthen the organizational strength of the PDC, PN and PDR for one year (through October 1972)

[REDACTED]

Despite government pressures, the democratic opposition was considerably stronger and more united at the end of 1971 than it had been at the beginning, although its sources of financial support were dwindling as a result of government economic pressures and the parties were increasingly dependent on U.S. financial support.

*An additional [REDACTED] was added pursuant to an indication that the President wanted the paper kept going and that the [REDACTED] could be exceeded if justified for this purpose. The DCI has this and reported it to the 40 Committee*

(1972)

During 1972 the 40 Committee approved a total of [REDACTED] for continuing support of opposition parties and media. There were three more by-elections; two in January (Linares and the 5th Senate District) and one in June, in Coquimbo, [REDACTED]

[REDACTED] In April, additional funds were approved for [REDACTED]

[REDACTED] of 1972 was marked by economic deterioration, increasing government take-overs of private industry, and a series of crippling strikes. In September 1972, the Committee [REDACTED]

[REDACTED] decided against financial support to other private sector organizations because of their possible involvement in anti-government strikes. By October 1972 economic unrest had subsided and national attention became increasingly focused on [REDACTED]

the March 1973 Congressional elections, which were considered by both the democratic opposition and the Marxist government as a form of plebiscite to determine whether or not the government had a popular mandate to continue the implementation of its revolutionary program. On 26 October the Committee unanimously approved \$1,427,666 for support of the four opposition parties in anticipation of the March elections. This approval included [REDACTED] for [REDACTED] private sector organizations, but this limited financial support to the private sector was confined to specific activities in support of the opposition electoral campaign, such as voter registration drives and a get-out-the-vote campaign.

(1973)

In February 1973 an additional [REDACTED] was approved for use by the opposition parties in the March electoral campaign. Our support of the opposition coalition in these elections was described [REDACTED] as having been of vital importance in enabling them to campaign strongly and to win 54.7% of the total vote. Thus the Marxist government did not get the mandate it was seeking for its revolutionary program nor did the opposition forces achieve their ideal - a 2/3rds majority in the Senate. This majority would have made it possible for them to impeach the President and hold new elections, thus providing the political solution to the Marxist problem that all sectors, including the armed forces,

truly desired. Hardly anyone believed that the Marxists would allow the democratic forces to regain power in 1976, so the March election results seemed to end the political option and helped to convince the military that they must act, in spite of great reluctance to do so, before the Marxist process became irreversible.

During late March and early April, Headquarters and the Santiago Station carried on a dialogue about what our objectives should be over the next six to twelve month period. We considered several options. One was to withdraw our financial support to the democratic opposition or to maintain it at a minimum level only in order to retain intelligence access. Another option was to undertake an action program designed to provoke military intervention. At that time there seemed little likelihood of a successful military coup, but there did appear to be a good possibility that increasing unrest in the entire country might induce the military to reenter the Allende government in order to restore order and to insure that the 1976 elections were held honestly and on schedule. Various proposals for supporting the private sector were examined in this context, but the Ambassador and the Department of State remained opposed to any support of private sector groups because of the increasingly high level of tension in Chile and because these groups were known to hope for military intervention. The final option was to continue our previous policy of support to the democratic political opposition in the hope that free elections could be

held in 1976. This last option had been decided upon, and a proposal was prepared for submission to the 40 Committee by the middle of May; its approval was, however, delayed by various circumstances. In August the 40 Committee finally approved the proposal, which provided \$1,000,000 to support the opposition parties through June 1974; it also included some funds for the private sector, but passage of these funds was made contingent on the concurrence of the Ambassador and the Department of State which was not given. This approval was rescinded after the September military intervention.

While these deliberations were taking place, it became increasingly apparent that three years of political polarization and economic chaos had strained the fabric of Chilean society to the breaking point. Strikes and violence intensified and on 24 August the Station cabled an appraisal of the political situation, noting that this appeared to be a crucial time in the revolutionary process being pursued by the Marxist government, and a time when significant opposition pressures could affect its future. Some elements of the opposition, notably the truckers, were hoping to provoke an outright military coup, but the broad consensus of the opposition was seeking only to bring about the reentrance of the military into the Marxist government, this time with real power. The Station asked Headquarters to take soundings to determine whether maximum support could be provided to the opposition, including

groups like the truckers, in order to achieve this objective. The Ambassador had agreed that these soundings should be taken, even though he did not concur in the proposed action believing that this could lead to a de facto U.S. Government commitment to a military coup. On 25 August Headquarters advised the Station that soundings were being taken to determine if the proposed support was consistent with current U.S. policy toward Chile. This proposal was never approved. Thus, no funds were provided in 1973 or in 1972 to the truckers or other private sector groups striking against the Allende government.

As tension inside Chile increased, reports of a possible military coup began to be received with increasing frequency and a series of cables were sent to Santiago expressing concern lest the Station be drawn into any proposed military activity. As early as September 1972 the Station had been told that it was imperative that the U.S. Government not be involved in any coup plotting. Headquarters advised the Station that "while we must monitor events, we cannot in any way influence them." This warning was repeated in May 1973. The Station acknowledged and complied. The Station, therefore, maintained contacts with sources in the military for intelligence collection purposes only. On 11 September 1973, the military moved quickly and effectively to take over the government.

After the coup [REDACTED] was authorized to liquidate commitments previously made to opposition organizations.

[REDACTED]



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[REDACTED]

Thus the Agency played no role in the military coup in Chile nor in the truckers strike which contributed to the political crisis at that time. It was however instrumental in enabling the democratic opposition to survive and maintain dynamic resistance to the attempt by the Marxist regime to consolidate power and establish thereby a self-perpetuating, authoritarian Marxist state.

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