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COVERT ACTION IN CHILE
1963-1973

STAFF REPORT
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SELECT COMMITTEE
TO STUDY GOVERNMENTAL OPERATIONS
WITH RESPECT TO
INTELLIGENCE ACTIVITIES
UNITED STATES SENATE



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SENATE SELECT COMMITTEE TO STUDY GOVERNMENTAL OPERATIONS
WITH RESPECT TO INTELLIGENCE ACTIVITIES

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(II)

PREFACE

The statements of facts contained in this report are true to the best of the Committee staff's ability to determine them. The report and any judgment expressed in it are tentative. Several areas are merely touched on; investigation in these areas is continuing. The purpose of the report is to lay out the basic facts of covert action in Chile to enable the Committee to hold public hearings.

This report is based on an extensive review of documents of the Central Intelligence Agency, the Departments of State and Defense, and the National Security Council; and on testimony by officials and former officials. With few exceptions, names of Chileans and of Chilean institutions have been omitted in order to avoid revealing intelligence sources and methods and to limit needless harm to individual Chileans who cooperated with the Central Intelligence Agency. The report does, however, convey an accurate picture of the scope, purposes and magnitude of United States covert action in Chile.

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COVERT ACTION IN CHILE: 1963-1973

I. Overview and Background

A. OVERVIEW: COVERT ACTION IN CHILE

Covert United States involvement in Chile in the decade between 1963 and 1973 was extensive and continuous. The Central Intelligence Agency spent three million dollars in an effort to influence the outcome of the 1964 Chilean presidential elections. Eight million dollars was spent, covertly, in the three years between 1970 and the military coup in September 1973, with over three million dollars expended in fiscal year 1972 alone.¹

It is not easy to draw a neat box around what was "covert action." The range of clandestine activities undertaken by the CIA includes covert action, clandestine intelligence collection, liaison with local police and intelligence services, and counterintelligence. The distinctions among the types of activities are mirrored in organizational arrangements, both at Headquarters and in the field. Yet it is not always so easy to distinguish the effects of various activities. If the CIA provides financial support to a political party, this is called "covert action"; if the Agency develops a paid "asset" in that party for the purpose of information gathering, the project is "clandestine intelligence collection."

The goal of covert action is political impact. At the same time secret relationships developed for the clandestine collection of intelligence may also have political effects, even though no attempt is made by American officials to manipulate the relationship for short-run political gain. For example, in Chile between 1970 and 1973, CIA and American military attaché contacts with the Chilean military for the purpose of gathering intelligence enabled the United States to sustain communication with the group most likely to take power from President Salvador Allende.

What did covert CIA money buy in Chile? It financed activities covering a broad spectrum, from simple propaganda manipulation of the press to large-scale support for Chilean political parties, from public opinion polls to direct attempts to foment a military coup. The scope of "normal" activities of the CIA Station in Santiago included placement of Station-dictated material in the Chilean media through propaganda assets, direct support of publications, and efforts to oppose communist and left-wing influence in student, peasant and labor organizations.

In addition to these "routine" activities, the CIA Station in Santiago was several times called upon to undertake large, specific projects.

¹ Moreover, the bare figures are more likely to understate than to exaggerate the extent of U.S. covert action. In the years before the 1973 coup, especially, CIA dollars could be channeled through the Chilean black market where the unofficial exchange rate into Chilean *escudos* often reached five times the official rate.

When senior officials in Washington perceived special dangers, or opportunities, in Chile, special CIA projects were developed, often as part of a larger package of U.S. actions. For instance, the CIA spent over three million dollars in an election program in 1964.

Half a decade later, in 1970, the CIA engaged in another special effort, this time at the express request of President Nixon and under the injunction not to inform the Departments of State or Defense or the Ambassador of the project. Nor was the 40 Committee² ever informed. The CIA attempted, directly, to foment a military coup in Chile. It passed three weapons to a group of Chilean officers who plotted a coup. Beginning with the kidnaping of Chilean Army Commander-in-Chief René Schneider. However, those guns were returned. The group which staged the abortive kidnap of Schneider, which resulted in his death, apparently was not the same as the group which received CIA weapons.³

When the coup attempt failed and Allende was inaugurated President, the CIA was authorized by the 40 Committee to fund groups in opposition to Allende in Chile. The effort was massive. Eight million dollars was spent in the three years between the 1970 election and the military coup in September 1973. Money was furnished to media organizations, to opposition political parties and, in limited amounts, to private sector organizations.

Numerous allegations have been made about U.S. covert activities in Chile during 1970-73. Several of these are false; others are half-true. In most instances, the response to the allegation must be qualified:

Was the United States *directly* involved, covertly, in the 1973 coup in Chile? The Committee has found no evidence that it was. However, the United States sought in 1970 to foment a military coup in Chile; after 1970 it adopted a policy both overt and covert, of opposition to Allende; and it remained in intelligence contact with the Chilean military, including officers who were participating in coup plotting.

Did the U.S. provide covert support to striking truck-owners or other strikers during 1971-73? The 40 Committee did not approve any such support. However, the U.S. passed money to private sector groups which supported the strikers. And in at least one case, a small amount of CIA money was passed to the strikers by a private sector organization, contrary to CIA ground rules.

Did the U.S. provide covert support to right-wing terrorist organizations during 1970-73? The CIA gave support in 1970 to one group whose tactics became more violent over time. Through 1971 that group received small sums of American money through third parties for specific purposes. And it is possible that money was passed to these groups on the extreme right from CIA-supported opposition political parties.

The pattern of United States covert action in Chile is striking but not unique. It arose in the context not only of American foreign policy, but also of covert U.S. involvement in other countries within and outside Latin America. The scale of CIA involvement in Chile was unusual but by no means unprecedented.

² The 40 Committee is a sub-Cabinet level body of the Executive Branch whose mandate is to review proposed major covert actions. The Committee has existed in similar form since the 1950's under a variety of names: 5412 Panel, Special Group (until 1964), 303 Committee (to 1969), and 40 Committee (since 1969). Currently chaired by the President's Assistant for National Security Affairs, the Committee includes the Undersecretary of State for Political Affairs, the Deputy Secretary of Defense, the Chairman of the Joint Chiefs of Staff, and the Director of Central Intelligence.

³ This matter is discussed extensively in the Committee's interim report entitled, *Alleged Assassination Plots Involving Foreign Leaders*, 94 Cong., 1 sess. (November 1975), pp. 225-254.

B. ISSUES

The Chilean case raises most of the issues connected with covert action as an instrument of American foreign policy. It consisted of long, frequently heavy involvement in Chilean politics: it involved the gamut of covert action methods, save only covert military operations; and it revealed a variety of different authorization procedures, with different implications for oversight and control. As one case of U.S. covert action, the judgments of past actions are framed not for their own sake; rather they are intended to serve as bases for formulating recommendations for the future.

The basic questions are easily stated:

(1) Why did the United States mount such an extensive covert action program in Chile? Why was that program continued and then expanded in the early 1970's?

(2) How was this major covert action program authorized and directed? What roles were played by the President, the 40 Committee, the CIA, the Ambassadors, and the Congress?

(3) Did U.S. policy-makers take into account the judgments of the intelligence analysts on Chile when they formulated and approved U.S. covert operations? Does the Chilean experience illustrate an inherent conflict between the role of the Director of Central Intelligence as a producer of intelligence and his role as manager of covert operations?

(4) Did the perceived threat in Chile justify the level of U.S. response? What was the effect of such large concentrated programs of covert political action in Chile? What were the effects, both abroad and at home, of the relationships which developed between the intelligence agencies and American based multinational corporations?

C. HISTORICAL BACKGROUND TO RECENT UNITED STATES-CHILEAN RELATIONS

1. *Chilean Politics and Society: An Overview*

Chile has historically attracted far more interest in Latin America and, more recently, throughout the world, than its remote geographic position and scant eleven-million population would at first suggest.

Chile's history has been one of remarkable continuity in civilian, democratic rule. From independence in 1818 until the military *coup d'état* of September 1973, Chile underwent only three brief interruptions of its democratic tradition. From 1932 until the overthrow of Allende in 1973, constitutional rule in Chile was unbroken.

Chile defies simplistic North American stereotypes of Latin America. With more than two-thirds of its population living in cities, and a 1970 per capita GNP of \$760, Chile is one of the most urbanized and industrialized countries in Latin America. Nearly all of the Chilean population is literate. Chile has an advanced social welfare program, although its activities did not reach the majority of the poor until popular participation began to be exerted in the early 1960's. Chileans are a largely integrated mixture of indigenous American with European immigrant stock. Until September 1973, Chileans brokered their demands in a bicameral parliament through a multi-party system and through a broad array of economic, trade union, and, more recently, managerial and professional associations.

2. U.S. Policy Toward Chile

The history of United States policy toward Chile followed the patterns of United States diplomatic and economic interests in the hemisphere. In the same year that the United States recognized Chilean independence, 1823, it also proclaimed the Monroe Doctrine. This unilateral policy pronouncement of the United States was directed as a warning toward rival European powers not to interfere in the internal political affairs of this hemisphere.

The U.S. reaction to Fidel Castro's rise to power suggested that while the Monroe Doctrine had been abandoned, the principles which prompted it were still alive. Castro's presence spurred a new United States hemispheric policy with special significance for Chile—the Alliance for Progress. There was little disagreement among policymakers either at the end of the Eisenhower Administration or at the beginning of the Kennedy Administration that something had to be done about the alarming threat that Castro was seen to represent to the stability of the hemisphere.

The U.S. reaction to the new hemispheric danger—communist revolution—evolved into a dual policy response. Widespread malnutrition, illiteracy, hopeless housing conditions and hunger for the vast majority of Latin Americans who were poor; these were seen as communism's allies. Consequently, the U.S. undertook loans to national development programs and supported civilian reformist regimes, all with an eye to preventing the appearance of another Fidel Castro in our hemisphere.

But there was another component in U.S. policy toward Latin America. Counterinsurgency techniques were developed to combat urban or rural guerrilla insurgencies often encouraged or supported by Castro's regime. Development could not cure overnight the social ills which were seen as the breeding ground of communism. New loans for Latin American countries' internal national development programs would take time to bear fruit. In the meantime, the communist threat would continue. The vicious circle plaguing the logic of the Alliance for Progress soon became apparent. In order to eliminate the short-term danger of communist subversion, it was often seen as necessary to support Latin American armed forces, yet frequently it was those same armed forces who were helping to freeze the status quo which the Alliance sought to alter.

Of all the countries in the hemisphere, Chile was chosen to become the showcase for the new Alliance for Progress. Chile had the extensive bureaucratic infrastructure to plan and administer a national development program; moreover, its history of popular support for Socialist, Communist and other leftist parties was perceived in Washington as flirtation with communism. In the years between 1962 and 1969, Chile received well over a billion dollars in direct, overt United States aid, loans and grants both included. Chile received more aid per capita than any country in the hemisphere. Between 1964 and 1970, \$200 to \$300 million in short-term lines of credit was continuously available to Chile from private American banks.

3. Chilean Political Parties: 1958-1970

The 1970 elections marked the fourth time Salvador Allende had been the presidential candidate of the Chilean left. His personality and

his program were familiar to Chilean voters. His platform was similar in all three elections: efforts to redistribute income and reshape the Chilean economy, beginning with the nationalization of major industries, especially the copper companies; greatly expanded agrarian reform; and expanded relations with socialist and communist countries.

Allende was one of four candidates in the 1958 elections. His principal opponents were Jorge Alessandri, a conservative, and Eduardo Frei, the candidate of the newly formed Christian Democratic Party, which contended against the traditionally centrist Radical Party. Allende's coalition was an uneasy alliance, composed principally of the Socialist and Communist Parties, labeled the Popular Action Front (FRAP). Allende himself, a self-avowed Marxist, was considered a moderate within his Socialist Party, which ranged from the extreme left to moderate social democrats. The Socialists, however, were more militant than the pro-Soviet, bureaucratic—though highly organized and disciplined—Communist Party.

Allende finished second to Alessandri in the 1958 election by less than three percent of the vote. Neither candidate received a majority, and the Chilean Congress voted Alessandri into office. If Allende had received the votes which went to a leftist priest—who received 3.3 percent of the votes—he would have won the election.

The Alessandri government lost popularity during its tenure. Dissatisfaction with it was registered in the 1961 congressional and 1963 municipal elections. The FRAP parties made significant gains, and the Christian Democratic Party steadily increased its share of the electorate until, in the 1963 elections, it became the largest single party.

The 1964 election shaped up as a three-way race. Frei was once again the Christian Democratic candidate, and the parties of the left once again selected Allende as their standard-bearer. The governing coalition, the Democratic Front, chose Radical Julio Duran as their candidate. Due in part to an adverse election result in a March 1964 by-election in a previously conservative province, the Democratic Front collapsed. The Conservatives and Liberals, reacting to the prospect of an Allende victory, threw their support to Frei, leaving Duran as the standard-bearer of only the Radical Party.

After Frei's decisive majority victory, in which he received 57 percent of the vote, he began to implement what he called a "revolution in liberty." That included agrarian, tax, and housing reform. To deal with the American copper companies, Frei proposed "Chileanization," by which the state would purchase majority ownership in order to exercise control and stimulate output.

Frei's reforms, while impressive, fell far short of what he had promised. Lacking a majority in Congress, he was caught between the FRAP parties, which demanded extreme measures, and the rightists, who withheld support from Frei in order to force a compromise on the agrarian reform issue. Like its predecessor, the Frei government lost popularity during its tenure; the Christian Democrats' portion of the vote in congressional elections fell from 43 percent in 1965 to 31 percent in 1969. During the Frei years the internal strains of the Party became more evident, culminating in the 1968 defection of the Party's left-wing elements.

Frei's relations with the United States were cordial, although he pursued an independent foreign policy. His government established diplomatic relations with the Soviet Union immediately after taking power and in 1969 reestablished trade relations with Cuba.

II. The Range of Covert Action in Chile

A. COVERT ACTION AND OTHER CLANDESTINE ACTIVITIES

This study is primarily concerned with what is labeled "covert action" by the United States government. Covert action projects are considered a distinct category and are authorized and managed accordingly. But it is important to bear in mind what the category excludes as well as what it includes. The Committee's purpose is to evaluate the intent and effect of clandestine American activities in Chile. Some secret activities by the United States not labeled "covert action" may have important political impacts and should be considered.

The CIA conducts several kinds of clandestine activity in foreign countries: clandestine collection of positive foreign intelligence; counterintelligence (or liaison with local services); and covert action. Those different activities are handled somewhat differently in Washington; they are usually the responsibility of different CIA officers in the field. Yet all three kinds of projects may have effects on foreign politics. All three rely on the establishment of clandestine relationships with foreign nationals.

In the clandestine collection of intelligence, the purpose of the relationship is the gathering of information. A CIA officer establishes a relationship with a foreign "asset"—paid or unpaid—in a party or government institution in order to find out what is going on inside that party or institution. There is typically no attempt made by the CIA officer to influence the actions of the "asset." Yet even that kind of covert relationship may have political significance. Witness the maintenance of CIA's and military attaches' contacts with the Chilean military after the inauguration of Salvador Allende: although the purpose was information-gathering, the United States maintained links to the group most likely to overthrow the new president. To do so was to walk a tightrope; the distinction between collecting information and exercising influence was inherently hard to maintain. Since the Chilean military perceived its actions to be contingent to some degree on the attitude of the U.S. government, those possibilities for exercising influence scarcely would have had to be consciously manipulated.

Liaison relationships with local police or intelligence services pose a similar issue. The CIA established such relationships in Chile with the primary purpose of securing assistance in gathering intelligence on external targets. But the link also provided the Station with information on internal subversives and opposition elements within Chile. That raised the difficulty of ensuring that American officials did not stray into influencing the actions of Chileans with whom they were in contact. And it meant that the CIA was identified, to some degree, with the internal activities of Chilean police and intelligence services,

whether or not the U.S. government supported those actions. That became a matter for great concern in 1973 with the advent of the Pinochet regime.

The purpose of this case study is to describe and assess the range of covert U.S. activities which influenced the course of political events in Chile. Most of the discussion which follows is limited to activities labeled and run as "covert action" projects. That category is itself broad. But it excludes other clandestine activities with possible political effects.

B. COVERT ACTION IN CHILE: TECHNIQUES

Even if the set of activities labeled "covert action" does not include all clandestine American efforts with possible political effects, that set is nonetheless broad. U.S. covert action in Chile encompassed a range of techniques and affected a wide variety of Chilean institutions. It included projects which were regarded as the framework necessary for covert operations, as well as major efforts called forth by special circumstances. The following paragraphs will give a flavor of that range.

1. Propaganda

The most extensive covert action activity in Chile was propaganda. It was relatively cheap. In Chile, it continued at a low level during "normal" times, then was cranked up to meet particular threats or to counter particular dangers.

The most common form of a propaganda project is simply the development of "assets" in media organizations who can place articles or be asked to write them. The Agency provided to its field Stations several kinds of guidance about what sorts of propaganda were desired. For example, one CIA project in Chile supported from one to five media assets during the seven years it operated (1965-1971). Most of those assets worked for a major Santiago daily which was the key to CIA propaganda efforts. Those assets wrote articles or editorials favorable to U.S. interests in the world (for example, criticizing the Soviet Union in the wake of the Czechoslovakian invasion); suppressed news items harmful to the United States (for instance about Vietnam); and authored articles critical of Chilean leftists.

The covert propaganda efforts in Chile also included "black" propaganda—material falsely purporting to be the product of a particular individual or group. In the 1970 election, for instance, the CIA used "black" propaganda to sow discord between the Communists and the Socialists and between the national labor confederation and the Chilean Communist Party.

Table I—Techniques of Covert Action—Expenditures in Chile, 1963-73¹

| Techniques | Amount |
|--|-------------|
| Propaganda for elections and other support for political parties..... | \$8,000,000 |
| Producing and disseminating propaganda and supporting mass media | 4,300,000 |
| Influencing Chilean institutions (labor, students, peasants, women) and supporting private sector organizations..... | 900,000 |
| Promoting military coup d'etat..... | <200,000 |

¹ Figures rounded to nearest \$100,000.

In some cases, the form of propaganda was still more direct. The Station financed Chilean groups who erected wall posters, passed out political leaflets (at times prepared by the Station) and engaged in other street activities. Most often these activities formed part of larger projects intended to influence the outcomes of Chilean elections (see below), but in at least one instance the activities took place in the absence of an election campaign.

Of thirty-odd covert action projects undertaken by Chile by the CIA between 1961 and 1974, approximately a half dozen had propaganda as their principal activity. Propaganda was an important subsidiary element of many others, particularly election projects. (See Table I.) Press placements were attractive because each placement might produce a multiplier effect, being picked up and replayed by media outlets other than the one in which it originally came out.

2. Support For Media

In addition to buying propaganda piecemeal, the Station often purchased it wholesale by subsidizing Chilean media organizations friendly to the United States. Doing so was propaganda writ large. Instead of placing individual items, the CIA supported—or even founded—friendly media outlets which might not have existed in the absence of Agency support.

From 1953 through 1970 in Chile, the Station subsidized wire services, magazines written for intellectual circles, and a right-wing weekly newspaper. According to the testimony of former officials, support for the newspaper was terminated because it became so inflexibly rightist as to alienate responsible conservatives.

By far, the largest—and probably the most significant—instance of support for a media organization was the money provided to *El Mercurio*, the major Santiago daily, under pressure during the Allende regime. That support grew out of an existing propaganda project. In 1971 the Station judged that *El Mercurio*, the most important opposition publication, could not survive pressure from the Allende government, including intervention in the newsprint market and the withdrawal of government advertising. The 40 Committee authorized \$700,000 for *El Mercurio* on September 9, 1971, and added another \$965,000 to that authorization on April 11, 1972. A CIA project renewal memorandum concluded that *El Mercurio* and other media outlets supported by the Agency had played an important role in setting the stage for the September 11, 1973, military coup which overthrew Allende.

3. Gaining Influence in Chilean Institutions and Groups

Through its covert activities in Chile, the U.S. government sought to influence the actions of a wide variety of institutions and groups in Chilean society. The specific intent of those activities ran the gamut from attempting to influence directly the making of government policy to trying to counter communist or leftist influence among organized groups in the society. That most of these projects included a propaganda component is obvious.

From 1964 through 1968, the CIA developed contacts within the Chilean Socialist Party and at the Cabinet level of the Chilean government.

Projects aimed at organized groups in Chilean society had more diffuse purposes than efforts aimed at government institutions. But the aim was similar: influencing the direction of political events in Chile.

Projects were directed, for example, toward:

- Wresting control of Chilean university student organizations from the communists;

- Supporting a women's group active in Chilean political and intellectual life;

- Combating the communist-dominated *Central Unica de Trabajadores Chilenos* (CUTCh) and supporting democratic labor groups; and

- Exploiting a civic action front group to combat communist influence within cultural and intellectual circles.

4. Major Efforts To Influence Chilean Elections

Covert American activity was a factor in almost every major election in Chile in the decade between 1963 and 1973. In several instances the United States intervention was massive.

The 1964 presidential election was the most prominent example of a large-scale election project. The Central Intelligence Agency spent more than \$2.6 million in support of the election of the Christian Democratic candidate, in part to prevent the accession to the presidency of Marxist Salvador Allende. More than half of the Christian Democratic candidate's campaign was financed by the United States, although he was not informed of this assistance. In addition, the Station furnished support to an array of pro-Christian Democratic student, women's, professional and peasant groups. Two other political parties were funded as well in an attempt to spread the vote.

In Washington, an inter-agency election committee was established, composed of State Department, White House and CIA officials. That committee was paralleled by a group in the embassy in Santiago. No special task force was established within the CIA, but the Station in Santiago was reinforced. The Station assisted the Christian Democrats in running an American-style campaign, which included polling, voter registration and get-out-the-vote drives, in addition to covert propaganda.

The United States was also involved in the 1970 presidential campaign. That effort, however, was smaller and did not include support for any specific candidate. It was directed more at preventing Allende's election than at insuring another candidate's victory.

Nor have U.S. involvements been limited to presidential campaigns. In the 1965 Chilean congressional elections, for instance, the Station was authorized by the 303 Committee to spend up to \$175,000. Covert support was provided to a number of candidates selected by the Ambassador and Station. A CIA election memorandum suggested that the project did have some impact, including the elimination of a number of FRAP (leftist coalition) candidates who might otherwise have won congressional seats.

5. Support For Chilean Political Parties

Most covert American support to Chilean political parties was furnished as part of specific efforts to influence election outcomes. However, in several instances the CIA provided subsidies to parties for more general purposes, when elections were not imminent. Most such support was furnished during the Allende years, 1970-1973, when the U.S. government judged that without its support parties of the center and right might not survive either as opposition elements or as contestants in elections several years away.

In a sequence of decisions in 1971 through 1973, the 40 Committee authorized nearly \$4 million for opposition political parties in Chile. Most of this money went to the Christian Democratic Party (PDC), but a substantial portion was earmarked for the National Party (PN), a conservative grouping more stridently opposed to the Allende government than was the PDC. An effort was also made to split the ruling Popular Unity coalition by inducing elements to break away.

The funding of political parties on a large scale in 1970-73 was not, however, without antecedents, albeit more modest in scale. In 1962 the Special Group (predecessor to the 40 Committee) authorized several hundred thousand dollars for an effort to build up the PDC in anticipation of the 1964 elections. Small authorizations were made, in 1963 and 1967, for support to moderate elements within the Radical Party.

6. Support For Private Sector Organizations

As part of its program of support for opposition elements during the Allende government, the CIA provided money to several trade organizations of the Chilean private sector. In September 1972, for instance, the 40 Committee authorized \$24,000 in emergency support for an anti-Allende businessmen's organization. At that time, supporting other private sector organizations was considered but rejected because of the fear that those organizations might be involved in anti-government strikes.

The 40 Committee authorized \$100,000 for private sector organizations in October 1972, as part of the March 1973 election project. According to the CIA, that money was spent only on election activities, such as voter registration drives and get-out-the-vote drives. In August 1973, the Committee authorized support for private sector groups, but with disbursement contingent on the agreement of the Ambassador and State Department. That agreement was not forthcoming.

7. Direct Efforts To Promote A Military Coup

United States covert efforts to affect the course of Chilean politics reached a peak in 1970: the CIA was directed to undertake an effort to promote a military coup in Chile to prevent the accession to power of Salvador Allende. That attempt, the so-called "Track II," is the subject of a separate Committee report and will be discussed in section III below. A brief summary here will demonstrate the extreme in American covert intervention in Chilean politics.

On September 15, 1970—after Allende finished first in the election but before the Chilean Congress had chosen between him and the

runner-up, Alessandri,¹—President Nixon met with Richard Helms, the Director of Central Intelligence, Assistant to the President for National Security Affairs Henry Kissinger and Attorney General John Mitchell. Helms was directed to prevent Allende from taking power. This effort was to be conducted without the knowledge of the Departments of State and Defense or the Ambassador. Track II was never discussed at a 40 Committee meeting.

It quickly became apparent to both White House and CIA officials that a military coup was the only way to prevent Allende's accession to power. To achieve that end, the CIA established contact with several groups of military plotters and eventually passed three weapons and tear gas to one group. The weapons were subsequently returned, apparently unused. The CIA knew that the plans of all groups of plotters began with the abduction of the constitutionalist Chief of Staff of the Chilean Army, General René Schneider. The Committee has received conflicting testimony about the extent of CIA/White House communication and of White House officials' awareness of specific coup plans, but there is no doubt that the U.S. government sought a military coup in Chile.

On October 22, one group of plotters attempted to kidnap Schneider. Schneider resisted, was shot, and subsequently died. The CIA had been in touch with that group of plotters but a week earlier had withdrawn its support for the group's specific plans.

The coup plotting collapsed and Allende was inaugurated President. After his election, the CIA and U.S. military attachés maintained contacts with the Chilean military for the purpose of collecting intelligence. Whether those contacts strayed into encouraging the Chilean military to move against Allende; or whether the Chilean military—having been goaded toward a coup during Track II—took encouragement to act against the President from those contacts even though U.S. officials did not intend to provide it: these are major questions which are inherent in U.S. covert activities in the period of the Allende government.

C. COVERT ACTION AND MULTINATIONAL CORPORATIONS

In addition to providing information and cover to the CIA, multinational corporations also participated in covert attempts to influence Chilean politics. The following is a brief description of the CIA's relationship with one such corporation in Chile in the period 1963–1973—International Telephone and Telegraph, Inc. (ITT). Not only is ITT the most prominent and public example, but a great deal of information has been developed on the CIA/ITT relationship. This summary is based on new information provided to this Committee and on material previously made public by the Subcommittee on Multinational Corporations of the Senate Foreign Relations Committee.

1. 1964 Chilean Elections

During the 1964 presidential campaign, representatives of multinational corporations approached the CIA with a proposal to provide

¹ Allende received 36.3 percent of the vote, Alessandri 34.9 percent. Radomiro Tomic, the PDC candidate, finished third with 27.8 percent.

campaign funds to the Christian Democratic Party. The CIA decision not to accept such funds, as well as other CIA contacts with multinational corporations during that campaign, are fully described in Part III.

2. 1970 Chilean Elections: Phase I

In 1970, the U.S. government and several multinational corporations were linked in opposition to the candidacy and later the presidency of Salvador Allende. This CIA-multinational corporation connection can be divided into two phases. Phase I comprised actions taken by either the CIA or U.S.-based multinational companies at a time when it was official U.S. policy not to support, even covertly, any candidate or party in Chile. During this phase the Agency was, however, authorized to engage in a covert "spoiling" operation designed to defeat Salvador Allende. Phase II encompassed the relationship between intelligence agencies and multinational corporations after the September 1970 general election. During Phase II, the U.S. government opposed Allende and supported opposition elements. The government sought the cooperation of multinational corporations in this effort.

A number of multinational corporations were apprehensive about the possibility that Allende would be elected President of Chile. Allende's public announcements indicated his intention, if elected, to nationalize basic industries and to bring under Chilean ownership service industries such as the national telephone company, which was at that time a subsidiary of ITT.

In 1964 Allende had been defeated, and it was widely known both in Chile and among American multinational corporations with significant interests in Chile that his opponents had been supported by the United States government. John McCone, a former CIA Director and a member of ITT's Board of Directors in 1970, knew of the significant American government involvement in 1964 and of the offer of assistance made at that time by American companies. Agency documents indicate that McCone informed Harold Geneen, ITT's Board Chairman, of these facts.

In 1970 leaders of American multinational corporations with substantial interests in Chile, together with other American citizens concerned about what might happen to Chile in the event of an Allende victory, contacted U.S. government officials in order to make their views known.

In July 1970, a CIA representative in Santiago met with representatives of ITT and, in a discussion of the upcoming election, indicated that Alessandri could use financial assistance. The Station suggested the name of an individual who could be used as a secure channel for getting these funds to the Alessandri campaign.

Shortly thereafter John McCone telephoned CIA Director Richard Helms. As a result of this call, a meeting was arranged between the Chairman of the Board of ITT and the Chief of the Western Hemisphere Division of the CIA. Geneen offered to make available to the CIA a substantial amount of money to be used in support of the Alessandri campaign. In subsequent meetings ITT offered to make \$1 million available to the CIA. The CIA rejected the offer. The memorandum indicated further that CIA's advice was sought with respect to an individual who might serve as a conduit of ITT funds to the Alessandri campaign.

The CIA confirmed that the individual in question was a reliable channel which could be used for getting funds to Alessandri. A second channel of funds from ITT to a political party opposing Allende, the National Party, was developed following CIA advice as to a secure funding mechanism utilizing two CIA assets in Chile. These assets were also receiving Agency funds in connection with the "spoiling" operation.

During the period prior to the September election, ITT representatives met frequently with CIA representatives both in Chile and in the United States and CIA advised ITT as to ways in which it might safely channel funds both to the Alessandri campaign and to the National Party. CIA was kept informed of the extent and the mechanism of the funding. Eventually at least \$350,000 was passed by ITT to this campaign. A roughly equal amount was passed by other U.S. companies; the CIA learned of this funding but did not assist in it.

3. *Following the 1970 Chilean Elections: Phase II*

Following the September 4 elections, the United States government adopted a policy of economic pressure directed against Chile and in this connection sought to enlist the influence of Geneen on other American businessmen. Specifically, the State Department was directed by the 40 Committee to contact American businesses having interests in Chile to see if they could be induced to take actions in accord with the American government's policy of economic pressure on Chile. On September 29, the Chief of the Western Hemisphere Division of the CIA met with a representative of ITT. The CIA official sought to have ITT involved in a more active way in Chile. According to CIA documents, ITT took note of the CIA presentation on economic warfare but did not actively respond to it.

One institution in Chile which was used in a general anti-Allende effort was the newspaper chain *El Mercurio*. Both the United States government and ITT were funneling money into the hands of individuals associated with the paper. That funding continued after Allende was in office.

A great deal of testimony has been taken on the above matters, initially before the Subcommittee on Multinational Corporations. The degree of cooperation between the CIA and ITT in the period prior to the September 1970 election raises an important question: while the U.S. government was *not* supporting particular candidates or parties, even covertly, was the CIA authorized to act on its own in advising or assisting ITT in its covert financial support of the Alessandri campaign?

III. Major Covert Action Programs and Their Effects

This section outlines the major programs of covert action undertaken by the United States in Chile, period by period. In every instance, covert action was an instrument of United States foreign policy, decided upon at the highest levels of the government. Each subsection to follow sets forth that policy context. Without it, it is impossible to understand the covert actions which were undertaken. After a discussion of policy, each subsection elaborates the covert action tactics employed in each case. Finally, the effect of each major program is assessed.

The section begins with the first major United States covert action in Chile—the 1964 presidential elections.

A. THE 1964 PRESIDENTIAL ELECTION

1. United States Policy

The United States was involved on a massive scale in the 1964 presidential election in Chile. The Special Group authorized over three million dollars during the 1962–64 period to prevent the election of a Socialist or Communist candidate. A total of nearly four million dollars was spent on some fifteen covert action projects, ranging from organizing slum dwellers to passing funds to political parties.

The goal, broadly, was to prevent or minimize the influence of Chilean Communists or Marxists in the government that would emerge from the 1964 election. Consequently, the U.S. sought the most effective way of opposing FRAP (Popular Action Front), an alliance of Chilean Socialists, Communists, and several miniscule non-Marxist parties of the left which backed the candidacy of Salvador Allende. Specifically, the policy called for support of the Christian Democratic Party, the Democratic Front (a coalition of rightist parties), and a variety of anti-communist propaganda and organizing activities.

The groundwork for the election was laid early in 1961 by establishing operational relationships with key political parties and by creating propaganda and organizational mechanisms capable of influencing key sectors of the population. Projects that had been conducted since the 1950's among peasants, slum dwellers, organized labor, students, and the media provided a basis for much of the pre-election covert action.

The main problem facing the United States two years before the election was the selection of a party and/or candidate to support against the leftist alliance. The CIA presented two papers to the Special Group on April 2, 1962. One of these papers proposed support for the Christian Democratic Party, while the other recommended support of the Radical Party, a group to the right of the Christian Democrats. The Special Group approved both proposals. Although

this strategy appears to have begun as an effort to hedge bets and support two candidates for President, it evolved into a strategy designed to support the Christian Democratic candidate.

On August 27, 1962, the Special Group approved the use of a third-country funding channel and authorized \$180,000 in fiscal year 1963 for the Chilean Christian Democrats. The Kennedy Administration had preferred a center-right government in Chile, consisting of the Radicals on the right and the Christian Democrats in the center. However, political events in Chile in 1962-1963—principally the creation of a right-wing alliance that included the Radical Party—precluded such a coalition. Consequently, throughout 1963, the United States funded both the Christian Democrats and the right-wing coalition, the Democratic Front.

After a by-election defeat in May 1964 destroyed the Democratic Front, the U.S. threw its support fully behind the Christian Democratic candidate. However, CIA funds continued to subsidize the Radical Party candidate in order to enhance the Christian Democrats' image as a moderate progressive party being attacked from the right as well as the left.

2. Covert Action Techniques

Covert action during the 1964 campaign was composed of two major elements. One was direct financial support of the Christian Democratic campaign. The CIA underwrote slightly more than half of the total cost of that campaign. After debate, the Special Group decided not to inform the Christian Democratic candidate, Eduardo Frei, of American covert support of his campaign. A number of intermediaries were therefore mobilized to pass the money to the Christian Democrats. In addition to the subsidies for the Christian Democratic Party, the Special Group allocated funds to the Radical Party and to private citizens' groups.

In addition to support for political parties, the CIA mounted a massive anti-communist propaganda campaign. Extensive use was made of the press, radio, films, pamphlets, posters, leaflets, direct mailings, paper streamers, and wall painting. It was a "scare campaign," which relied heavily on images of Soviet tanks and Cuban firing squads and was directed especially to women. Hundreds of thousands of copies of the anti-communist pastoral letter of Pope Pius XI were distributed by Christian Democratic organizations. They carried the designation, "printed privately by citizens without political affiliation, in order more broadly to disseminate its content." "Disinformation" and "black propaganda"—material which purported to originate from another source, such as the Chilean Communist Party—were used as well.

The propaganda campaign was enormous. During the first week of intensive propaganda activity (the third week of June 1964), a CIA-funded propaganda group produced twenty radio spots per day in Santiago and on 44 provincial stations; twelve-minute news broadcasts five times daily on three Santiago stations and 24 provincial outlets; thousands of cartoons, and much paid press advertising. By the end of June, the group produced 24 daily newscasts in Santiago and the provinces, 26 weekly "commentary" programs, and distributed 3,000

posters daily. The CIA regards the anti-communist scare campaign as the most effective activity undertaken by the U.S. on behalf of the Christian Democratic candidate.

The propaganda campaign was conducted internationally as well, and articles from abroad were "replayed" in Chile. Chilean newspapers reported: an endorsement of Frei by the sister of a Latin American leader, a public letter from a former president in exile in the U.S., a "message from the women of Venezuela," and dire warnings about an Allende victory from various figures in military governments in Latin America.

The CIA ran political action operations independent of the Christian Democrats' campaign in a number of important voter blocks, including slum dwellers, peasants, organized labor, and dissident Socialists. Support was given to "anti-communist" members of the Radical Party in their efforts to achieve positions of influence in the party hierarchy, and to prevent the party from throwing its support behind Allende.

3. U.S. Government Organization for the 1964 Chilean Election

To manage the election effort, an electoral committee was established in Washington, consisting of the Assistant Secretary of State for Inter-American Affairs, Thomas Mann; the Western Hemisphere Division Chief of the CIA, Desmond Fitzgerald; Ralph Dungan and McGeorge Bundy from the White House; and the Chief of the Western Hemisphere Division Branch Four, the branch that has jurisdiction over Chile. This group was in close touch with the State Department Office of Bolivian and Chilean Affairs. In Santiago there was a parallel Election Committee that coordinated U.S. efforts. It included the Deputy Chief of Mission, the CIA Chief of Station, and the heads of the Political and Economic Sections, as well as the Ambassador. The Election Committee in Washington coordinated lines to higher authority and to the field and other agencies. No special task force was established, and the CIA Station in Santiago was temporarily increased by only three officers.

4. Role of Multinational Corporations

A group of American businessmen in Chile offered to provide one and a half million dollars to be administered and disbursed covertly by the U.S. Government to prevent Allende from winning the 1964 presidential election. This offer went to the 303 Committee (the name of the Special Group after June 1964) which decided not to accept the offer. It decided that offers from American business could not be accepted, that they were neither a secure way nor an honorable way of doing business. This decision was a declaration of policy which set the precedent for refusing to accept such collaboration between CIA and private business. However, CIA money, represented as private money, was passed to the Christian Democrats through a private businessman.

5. Role of the Chilean Military

On July 19, 1964, the Chilean Defense Council, which is the equivalent of the U.S. Joint Chiefs of Staff, went to President Alessandri to propose a *coup d'état* if Allende won. This offer was transmitted to

the CIA Chief of Station, who told the Chilean Defense Council through an intermediary that the United States was absolutely opposed to a coup. On July 20, the Deputy Chief of Mission at the U.S. Embassy was approached by a Chilean Air Force general who threatened a coup if Allende won. The DCM reproached him for proposing a *coup d'état* and there was no further mention of it. Earlier, the CIA learned that the Radical candidate for election, several other Chileans, and an ex-politician from another Latin American country had met on June 2 to organize a rightist group called the Legion of Liberty. They said this group would stage a *coup d'état* if Allende won, or if Frei won and sought a coalition government with the Communist Party. Two of the Chileans at the meeting reported that some military officers wanted to stage a *coup d'état* before the election if the United States Government would promise to support it. Those approaches were rebuffed by the CIA.

6. *Effects of Covert Action*

A CIA study concludes that U.S. intervention enabled Eduardo Frei to win a clear majority in the 1964 election, instead of merely a plurality. What U.S. Government documents do not make clear is why it was necessary to assure a majority, instead of accepting the victory a plurality would have assured. CIA assistance enabled the Christian Democratic Party to establish an extensive organization at the neighborhood and village level. That may have lent grassroots support for reformist efforts that the Frei government undertook over the next several years.

Some of the propaganda and polling mechanisms developed for use in 1964 were used repeatedly thereafter, in local and congressional campaigns, during the 1970 presidential campaign, and throughout the 1970-1973 Allende presidency. Allegations of CIA involvement in the campaign, and press allegations of CIA funding of the International Development Foundation contributed to the U.S. reluctance in 1970 to undertake another massive pre-election effort.

B. COVERT ACTION: 1964-1969

During the years between the election of Christian Democratic President Eduardo Frei in 1964 and the presidential election campaign of 1970, the CIA conducted a variety of covert activities in Chile. Operating within different sectors of society, these activities were all intended to strengthen groups which supported President Frei and opposed Marxist influences.

The CIA spent a total of almost \$2 million on covert action in Chile during this period, of which one-fourth was covered by 40 Committee authorizations for specific major political action efforts. The CIA conducted twenty covert action projects in Chile during these years.

1. *Covert Action Methods*

In February 1965 the 303 Committee approved \$175,000 for a short-term political action project to provide covert support to selected candidates in the March 1965 congressional elections in Chile. According to the CIA, twenty-two candidates were selected by the Sta-

tion and the Ambassador; nine were elected. The operation helped defeat up to 13 FRAP candidates who would otherwise have won congressional seats.

Another election effort was authorized in July 1968, in preparation for the March 1969 congressional election. The 40 Committee authorized \$350,000 for this effort, with the objective of strengthening moderate political forces before the 1970 presidential election. The program consisted of providing financial support to candidates, supporting a splinter Socialist Party in order to attract votes away from Allende's socialist party, propaganda activities, and assisting independent groups. The CIA regarded the election effort as successful in meeting its limited objective; ten of the twelve candidates selected for support won their races, including one very unexpected victory. The support provided to the dissident socialist group deprived the Socialist Party of a minimum of seven congressional seats.

The 303 Committee also approved \$30,000 in 1967 to strengthen the right wing of the Radical Party.

A number of other political actions not requiring 303 Committee approval were conducted. The project to increase the effectiveness and appeal of the Christian Democratic Party and to subsidize the party during the 1964 elections continued into late 1965 or 1966; as did a project to influence key members of the Socialist Party toward orthodox European socialism and away from communism. During this period, the CIA dealt with a Chilean official at the cabinet level, though with scant result.

Covert action efforts were conducted during this period to influence the political development of various sectors of Chilean society. One project, conducted prior to the 1964 elections to strengthen Christian Democratic support among peasants and slum dwellers, continued to help train and organize "anti-communists" in these and other sectors until public exposure of CIA funding in 1967 forced its termination. A project to compete organizationally with the Marxists among the urban poor of Santiago was initiated shortly after the 1964 election, and was terminated in mid-1969 because the principal agent was unwilling to prejudice the independent posture of the organization by using it on a large scale to deliver votes in the 1969 and 1970 presidential elections. In the mid-1960's, the CIA supported an anti-communist women's group active in Chilean political and intellectual life.

Two projects worked within organized labor in Chile. One, which began during the 1964 election period, was a labor action project to combat the communist-dominated *Central Unica de Trabajadores Chilenos* (CUTCh) and to support democratic labor groups. Another project was conducted in the Catholic labor field.

Various CIA projects during this period supported media efforts. One, begun in the early 1950's, operated wire services. Another, which was an important part of the 1964 election effort, supported anti-communist propaganda activities through wall posters attributed to fictitious groups, leaflet campaigns, and public heckling.

A third project supported a right-wing weekly newspaper, which was an instrument of the anti-Allende campaign during and for a time after the 1970 election campaign. Another project funded an asset who produced regular radio political commentary shows attacking

the political parties on the left and supporting CIA-selected candidates. After the Soviet invasion of Czechoslovakia, this asset organized a march on the Soviet Embassy which led to major police action and mass media coverage. Other assets funded under this project placed CIA-inspired editorials almost daily in *El Mercurio*, Chile's major newspaper and, after 1968, exerted substantial control over the content of that paper's international news section.

The CIA also maintained covert liaison relations with Chile's internal security and intelligence services, civilian and military. The primary purpose of these arrangements was to enable the Chilean services to assist CIA in information collection about foreign targets. A subsidiary purpose of these relationships was to collect information and meet the threat posed by communists and other groups of the far left within Chile.

2. *Effects Of Covert Action*

The CIA's evaluations of the 1965 and 1969 election projects suggest that those efforts were relatively successful in achieving their immediate goals. On the other hand, the labor and "community development" projects were deemed rather unsuccessful in countering the growth of strong leftist sentiment and organization among workers, peasants and slum dwellers. For instance, neither of the labor projects was able to find a nucleus of legitimate Chilean labor leaders to compete effectively with the communist-dominated CUTCh.

The propaganda projects probably had a substantial cumulative effect over these years, both in helping to polarize public opinion concerning the nature of the threat posed by communists and other leftists, and in maintaining an extensive propaganda capability. Propaganda mechanisms developed during the 1960's were ready to be used in the 1970 election campaign. At the same time, however, in a country where nationalism, "economic independence" and "anti-imperialism" claimed almost universal support, the persistent allegations that the Christian Democrats and other parties of the center and right were linked to the CIA may have played a part in undercutting popular support for them.

C. THE 1970 ELECTION: A "SPOILING" CAMPAIGN

1. *United States Policy and Covert Action*

Early in 1969, President Nixon announced a new policy toward Latin America, labelled by him "Action for Progress." It was to replace the Alliance for Progress which the President characterized as paternalistic and unrealistic. Instead, the United States was to seek "mature partnership" with Latin American countries, emphasizing trade and not aid. The reformist trappings of the Alliance were to be dropped; the United States announced itself prepared to deal with foreign governments pragmatically.

The United States program of covert action in the 1970 Chilean elections reflected this less activist stance. Nevertheless, that covert involvement was substantial. In March 1970, the 40 Committee decided that the United States should not support any single candidate in the election but should instead wage "spoiling" operations against the Popular Unity coalition which supported the Marxist candidate,

Salvador Allende. In all, the CIA spent from \$800,000 to \$1,000,000 on covert action to affect the outcome of the 1970 Presidential election. Of this amount, about half was for major efforts approved by the 40 Committee. By CIA estimates, the Cubans provided about \$350,000 to Allende's campaign, with the Soviets adding an additional, undetermined amount. The large-scale propaganda campaign which was undertaken by the U.S. was similar to that of 1964: an Allende victory was equated with violence and repression.

2. Policy Decisions

Discussions within the United States Government about the 1970 elections began in the wake of the March 1969 Chilean congressional elections. The CIA's involvement in those elections was regarded by Washington as relatively successful, even though the Christian Democrats' portion of the vote fell from 43 per cent in 1965 to 31 per cent in 1969. In June 1968 the 40 Committee had authorized \$350,000 for that effort, of which \$200,000 actually was spent. Ten of the twelve CIA-supported candidates were elected.

The 1970 election was discussed at a 40 Committee meeting on April 17, 1969. It was suggested that something be done, and the CIA representative noted that an election operation would not be effective unless it were started early. But no action was taken at that time.

The 1970 Presidential race quickly turned into a three-way contest. The conservative National Party, buoyed by the 1969 congressional election results, supported 74-year-old, ex-President Jorge Alessandri. Radomiro Tomic became the Christian Democratic nominee. Tomic, to the left of President Frei, was unhappy about campaigning on the Frei government's record and at one point made overtures to the Marxist left. Salvador Allende was once again the candidate of the left, this time formed into a Popular Unity coalition which included both Marxist and non-Marxist parties. Allende's platform included nationalization of the copper mines, accelerated agrarian reform, socialization of major sectors of the economy, wage increases, and improved relations with socialist and communist countries.

In December 1969, the Embassy and Station in Santiago forwarded a proposal for an anti-Allende campaign. That proposal, however, was withdrawn because of the State Department's qualms about whether or not the United States should become involved at all. The CIA felt it was not in a position to support Tomic actively because ambassadorial "ground rules" of the previous few years had prevented the CIA from dealing with the Christian Democrats. The Agency believed that Alessandri, the apparent front runner, needed more than money; he needed help in managing his campaign.

On March 25, 1970, the 40 Committee approved a joint Embassy/CIA proposal recommending that "spoiling" operations—propaganda and other activities—be undertaken by the CIA in an effort to prevent an election victory by Allende. Direct support was not furnished to either of his opponents. This first authorization was for \$135,000, with the possibility of more later.

On June 18, 1970, the Ambassador, Edward Korry, submitted a two-phase proposal to the Department of State and the CIA for review. The first phase involved an increase in support for the anti-Allende campaign. The second was a \$500,000 contingency plan to influence the

congressional vote in the event of a vote between the candidates finishing first and second. In response to State Department reluctance, the Ambassador responded by querying: if Allende were to gain power, how would the U.S. respond to those who asked what actions it had taken to prevent it?

On June 27, the 40 Committee approved the increase in funding for the anti-Allende "spoiling" operation by \$300,000. State Department officials at the meeting voted "yes" only reluctantly. They spoke against the contingency plan, and a decision on it was deferred pending the results of the September 4 election.

CIA officials met several times with officials from ITT during July. The CIA turned down ITT's proposal to make funds available for CIA transmission to Alessandri but did provide the company advice on how to pass money to Alessandri. Some \$350,000 of ITT money was passed to Alessandri during the campaign—\$250,000 to his campaign and \$100,000 to the National Party. About another \$350,000 came from other U.S. businesses. According to CIA documents, the Station Chief informed the Ambassador that the CIA was advising ITT in funding the Alessandri campaign, but not that the Station was aiding ITT in passing money to the National Party.

The 40 Committee met again on August 7 but did not give further consideration to supporting either Alessandri or Tomic. As the anti-Allende campaign in Chile intensified, senior policy makers turned to the issue of U.S. policy in the event of an Allende victory. A study done in response to National Security Study Memorandum 97 was approved by the Interdepartmental Group (IG) on August 18. The approved paper¹ set forth four options, one in the form of a covert annex. The consensus of the Interdepartmental Group favored maintaining minimal relations with Allende, but the Senior Review Group deferred decision until after the elections. Similarly, a paper with alternatives was circulated to 40 Committee members on August 13, but no action resulted.

3. "Spoiling" Operations

The "spoiling" operations had two objectives: (1) undermining communist efforts to bring about a coalition of leftist forces which could gain control of the presidency in 1970; and (2) strengthening non-Marxist political leaders and forces in Chile to order to develop an effective alternative to the Popular Unity coalition in preparation for the 1970 presidential election.

In working toward these objectives, the CIA made use of half-a-dozen covert action projects. Those projects were focused into an intensive propaganda campaign which made use of virtually all media within Chile and which placed and replayed items in the international press as well. Propaganda placements were achieved through subsidizing right-wing women's and "civic action" groups. A "scare campaign," using many of the same themes as the 1964 presidential election program, equated an Allende victory with violence and Stalinist repression. Unlike 1964, however, the 1970 operation did not involve extensive public opinion polling, grass-roots organizing, or "community development" efforts, nor, as mentioned, direct funding of any candidate.

¹ The minutes of the Interdepartmental Group and Senior Review Group deliberations have not as yet been provided to the Committee.

In addition to the massive propaganda campaign, the CIA's effort prior to the election included political action aimed at splintering the non-Marxist Radical Party and reducing the number of votes which it could deliver to the Popular Unity coalition's candidate. Also, "black propaganda"—material purporting to be the product of another group—was used in 1970 to sow dissent between Communists and Socialists, and between the national labor confederation and the Chilean Community Party.

The CIA's propaganda operation for the 1970 elections made use of mechanisms that had been developed earlier. One mechanism had been used extensively by the CIA during the March 1969 congressional elections. During the 1970 campaign it produced hundreds of thousands of high-quality printed pieces, ranging from posters and leaflets to picture books, and carried out an extensive propaganda program through many radio and press outlets. Other propaganda mechanisms that were in place prior to the 1970 campaign included an editorial support group that provided political features, editorials, and news articles for radio and press placement; a service for placing anti-communist press and radio items; and three different news services.

There was a wide variety of propaganda products: a newsletter mailed to approximately two thousand journalists, academicians, politicians, and other opinion makers; a booklet showing what life would be like if Allende won the presidential election; translation and distribution of chronicles of opposition to the Soviet regime; poster distribution and sign-painting teams. The sign-painting teams had instructions to paint the slogan "*su paredón*" (your wall) on 2,000 walls, evoking an image of communist firing squads. The "scare campaign" (*campaña de terror*) exploited the violence of the invasion of Czechoslovakia with large photographs of Prague and of tanks in downtown Santiago. Other posters, resembling those used in 1964, portrayed Cuban political prisoners before the firing squad, and warned that an Allende victory would mean the end of religion and family life in Chile.

Still another project funded individual press assets. One, who produced regular radio commentary shows on a nationwide hookup, had been CIA funded since 1965 and continued to wage propaganda for CIA during the Allende presidency. Other assets, all employees of *El Mercurio*, enabled the Station to generate more than one editorial per day based on CIA guidance. Access to *El Mercurio* had a multiplier effect, since its editorials were read throughout the country on various national radio networks. Moreover, *El Mercurio* was one of the most influential Latin American newspapers, particularly in business circles abroad. A project which placed anti-communist press and radio items was reported in 1970 to reach an audience of well over five-million listeners.

The CIA funded only one political group during the 1970 campaign, in an effort to reduce the number of Radical Party votes for Allende.

4. Effects

The covert action "spoiling" efforts by the United States during the 1970 campaign did not succeed: Allende won a plurality in the September 4 election. Nevertheless, the "spoiling" campaign had several important effects.

First, the "scare campaign" contributed to the political polarization and financial panic of the period. Themes developed during the campaign were exploited even more intensely during the weeks following September 4, in an effort to cause enough financial panic and political instability to goad President Frei or the Chilean military into action.

Second, many of the assets involved in the anti-Allende campaign became so visible that their usefulness was limited thereafter. Several of them left Chile. When Allende took office, little was left of the CIA-funded propaganda apparatus. Nevertheless, there remained a nucleus sufficient to permit a vocal anti-Allende opposition to function effectively even before the new President was inaugurated.

D. COVERT ACTION BETWEEN SEPTEMBER 4 AND OCTOBER 24, 1970²

On September 4, 1970, Allende won a plurality in Chile's presidential election. Since no candidate had received a majority of the popular vote, the Chilean Constitution required that a joint session of its Congress decide between the first- and second-place finishers. The date set for the congressional session was October 24, 1970.

The reaction in Washington to Allende's plurality victory was immediate. The 40 Committee met on September 8 and 14 to discuss what action should be taken prior to the October 24 congressional vote. On September 15, President Nixon informed CIA Director Richard Helms that an Allende regime in Chile would not be acceptable to the United States and instructed the CIA to play a direct role in organizing a military *coup d'etat* in Chile to prevent Allende's accession to the Presidency.

Following the September 14 meeting of the 40 Committee and President Nixon's September 15 instruction to the CIA, U.S. Government efforts to prevent Allende from assuming office proceeded on two tracks.³ Track I comprised all covert activities approved by the 40 Committee, including political, economic and propaganda activities. These activities were designed to induce Allende's opponents in Chile to prevent his assumption of power, either through political or military means. Track II activities in Chile were undertaken in response to President Nixon's September 15 order and were directed toward actively promoting and encouraging the Chilean military to move against Allende.

1. Track I

A. POLITICAL ACTION

Initially, both the 40 Committee and the CIA fastened on the so-called Frei re-election gambit as a means of preventing Allende's assumption of office. This gambit, which was considered a constitutional solution to the Allende problem, consisted of inducing enough congressional votes to elect Alessandri over Allende with the understanding that Alessandri would immediately resign, thus paving the way for a special election in which Frei would legally become a candidate. At the September 14 meeting of the 40 Committee, the Frei gam-

² This period, and particularly Track II, are dealt with in detail in an interim Committee Report, *Alleged Assassination Plots Involving Foreign Leaders*, 94 Cong., 1st Sess. November 1975, pp. 225-254.

³ The terms Track I and Track II were known only to CIA and White House officials who were knowledgeable about the President's September 15 order to the CIA.

bit was discussed, and the Committee authorized a contingency fund of \$250,000 for covert support of projects which Frei or his associates deemed important. The funds were to be handled by Ambassador Korry and used if it appeared that they would be needed by the moderate faction of the Christian Democratic Party to swing congressional votes to Alessandri. The only proposal for the funds which was discussed was an attempt to bribe Chilean Congressmen to vote for Alessandri. That quickly was seen to be unworkable, and the \$250,000 was never spent.

CIA's Track I aimed at bringing about conditions in which the Frei gambit could take place. To do this, the CIA, at the direction of the 40 Committee, mobilized an interlocking political action, economic, and propaganda campaign. As part of its political action program, the CIA attempted indirectly to induce President Frei at least to consent to the gambit or, better yet, assist in its implementation. The Agency felt that pressures from those whose opinion and views he valued—in combination with certain propaganda activities—represented the only hope of converting Frei. In Europe and Latin America, influential members of the Christian Democratic movement and the Catholic Church were prompted either to visit or contact Frei. In spite of these efforts, Frei refused to interfere with the constitutional process, and the re-election gambit died.

B. PROPAGANDA CAMPAIGN

On September 14, the 40 Committee agreed that a propaganda campaign should be undertaken by the CIA to focus on the damage that would befall Chile under an Allende government. The campaign was to include support for the Frei re-election gambit. According to a CIA memorandum, the campaign sought to create concerns about Chile's future if Allende were elected by the Congress; the propaganda was designed to influence Frei, the Chilean elite, and the Chilean military.

The propaganda campaign included several components. Predictions of economic collapse under Allende were replayed in CIA-generated articles in European and Latin American newspapers. In response to criticisms of *El Mercurio* by candidate Allende, the CIA, through its covert action resources, orchestrated cables of support and protest from foreign newspapers, a protest statement from an international press association, and world press coverage of the association's protest. In addition, journalists—agents and otherwise—traveled to Chile for on-the-scene reporting. By September 28, the CIA had agents who were journalists from ten different countries in or en route to Chile. This group was supplemented by eight more journalists from five countries under the direction of high-level agents who were, for the most part, in managerial capacities in the media field.

Second, the CIA relied upon its own resources to generate anti-Allende propaganda in Chile. These efforts included: support for an underground press; placement of individual news items through agents; financing a small newspaper; indirect subsidy of *Patria y Libertad*, a group fervently opposed to Allende, and its radio programs, political advertisements, and political rallies; and the direct mailing of foreign news articles to Frei, his wife, selected leaders, and the Chilean domestic press.

Third, special intelligence and "inside" briefings were given to U.S. journalists, at their request. One *Time* cover story was considered particularly noteworthy. According to CIA documents, the *Time* correspondent in Chile apparently had accepted Allende's protestations of moderation and constitutionality at face value. Briefings requested by *Time* and provided by the CIA in Washington resulted in a change in the basic thrust of the *Time* story on Allende's September 4 victory and in the timing of that story.

A few statistics convey the magnitude of the CIA's propaganda campaign mounted during the six-week interim period in the Latin American and European media. According to the CIA, partial returns showed that 726 articles, broadcasts, editorials, and similar items directly resulted from Agency activity. The Agency had no way to measure the scope of the multiplier effect—i.e., how much its "induced" news focused media interest on the Chilean issues and stimulated additional coverage—but concluded that its contribution was both substantial and significant.

C. ECONOMIC PRESSURES

On September 29, 1970, the 40 Committee met. It was agreed that the Frei gambit had been overtaken by events and was dead. The "second-best option"—the cabinet resigning and being replaced with a military cabinet—was also deemed dead. The point was then made that there would probably be no military action unless economic pressures could be brought to bear on Chile. It was agreed that an attempt would be made to have American business take steps in line with the U.S. government's desire for immediate economic action.

The economic offensive against Chile, undertaken as a part of Track I, was intended to demonstrate the foreign economic reaction to Allende's accession to power, as well as to preview the future consequences of his regime. Generally, the 40 Committee approved cutting off all credits, pressuring firms to curtail investment in Chile and approaching other nations to cooperate in this venture.

These actions of the 40 Committee, and the establishment of an interagency working group to coordinate overt economic activities towards Chile (composed of the CIA's Western Hemisphere Division Chief and representatives from State, the NSC, and Treasury), adversely affected the Chilean economy; a major financial panic ensued. However, U.S. efforts to generate an economic crisis did not have the desired impact on the October 24 vote, nor did they stimulate a military intervention to prevent Allende's accession.

2. Track II

As previously noted, U.S. efforts to prevent Allende's assumption of office operated on two tracks between September 4 and October 24. Track II was initiated by President Nixon on September 15 when he instructed the CIA to play a direct role in organizing a military *coup d'état* in Chile. The Agency was to take this action without coordination with the Departments of State or Defense and without informing the U.S. Ambassador. While coup possibilities in general and other means of seeking to prevent Allende's accession to power were explored by the 40 Committee throughout this period, the 40 Committee

never discussed this direct CIA role. In practice, the Agency was to report, both for informational and approval purposes, to the White House.

Between October 5 and October 20, 1970, the CIA made 21 contacts with key military and *Carabinero* (police) officials in Chile. Those Chileans who were inclined to stage a coup were given assurances of strong support at the highest levels of the U.S. Government both before and after a coup.

Tracks I and II did, in fact, move together in the month after September 15. Ambassador Korry, who was formally excluded from Track II, was authorized to encourage a military coup, provided Frei concurred in that solution. At the 40 Committee meeting on September 14, he and other "appropriate members of the Embassy mission" were authorized to intensify their contacts with Chilean military officers to assess their willingness to support the "Frei gambit." The Ambassador was also authorized to make his contacts in the Chilean military aware that if Allende were seated, the military could expect no further military assistance (MAP) from the United States. Later, Korry was authorized to inform the Chilean military that all MAP and military sales were being held in abeyance pending the outcome of the congressional election on October 24.

The essential difference between Tracks I and II, as evidenced by instructions to Ambassador Korry during this period, was not that Track II was coup-oriented and Track I was not. Both had this objective in mind. There were two differences between the two tracks: Track I was contingent on at least the acquiescence of Frei; and the CIA's Track II direct contacts with the Chilean military, and its active promotion and support for a coup, were to be known only to a small group of individuals in the White House and the CIA.

Despite these efforts, Track II proved to be no more successful than Track I in preventing Allende's assumption of office. Although certain elements within the Chilean army were actively involved in coup plotting, the plans of the dissident Chileans never got off the ground. A rather disorganized coup attempt did begin on October 22, but aborted following the shooting of General Schneider.

On October 24, 1970, Salvador Allende was confirmed as President by Chilean Congress. On November 3, he was inaugurated. U.S. efforts, both overt and covert, to prevent his assumption of office had failed.

E. COVERT ACTION DURING THE ALLENDE YEARS, 1970-1973

1. *United States Policy and Covert Action*

In his 1971 State of the World Message, released February 25, 1971, President Nixon announced: "We are prepared to have the kind of relationship with the Chilean government that it is prepared to have with us." This public articulation of American policy followed internal discussions during the NSSM 97 exercise. Charles Meyer, Assistant Secretary of State for Inter-American Affairs, elaborated that "correct but minimal" line in his 1973 testimony before the Senate Foreign Relations Subcommittee on Multinational Corporations:

Mr. MEYER. The policy of the Government, Mr. Chairman, was that there would be no intervention in the political affairs of Chile. We were consistent in that we

financed no candidates, no political parties before or after September 8, or September 4. . . . The policy of the United States was that Chile's problem was a Chilean problem, to be settled by Chile. As the President stated in October of 1969, "We will deal with governments as they are." (*Multinational Corporations and United States Foreign Policy*, Hearing before the Subcommittee on Multinational Corporations of the Committee on Foreign Relations, United States Senate, Ninety-Third Congress, Washington: GPO, 1973, Part 1, p. 402)

Yet, public pronouncements notwithstanding, after Allende's inauguration the 40 Committee approved a total of over seven million dollars in covert support to opposition groups in Chile. That money also funded an extensive anti-Allende propaganda campaign. Of the total authorized by the 40 Committee, over six million dollars was spent during the Allende presidency and \$84,000 was expended shortly thereafter for commitments made before the coup. The total amount spent on covert action in Chile during 1970-73 was approximately \$7 million, including project funds not requiring 40 Committee approval.

Broadly speaking, U.S. policy sought 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. That objective was stated clearly in National Security Decision Memorandum (NSDM) 93, issued in early November 1970. Other governments were encouraged to adopt similar policies, and the U.S. increased efforts to maintain close relations with friendly military leaders in the hemisphere. The "cool but correct" overt posture denied the Allende government a handy foreign enemy to use as a domestic and international rallying point. At the same time, covert action was one reflection of the concerns felt in Washington: the desire to frustrate Allende's experiment in the Western Hemisphere and thus limit its attractiveness as a model; the fear that a Chile under Allende might harbor subversives from other Latin American countries; and the determination to sustain the principle of compensation for U.S. firms nationalized by the Allende government.

Henry Kissinger outlined several of these concerns in a background briefing to the press on September 16, 1970, in the wake of Allende's election plurality:

Now it is fairly easy for one to predict that if Allende wins, there is a good chance that he will establish over a period of years some sort of Communist government. In that case you would have one not on an island off the coast which has not a traditional relationship and impact on Latin America, but in a major Latin American country you would have a Communist government, joining, for example, Argentina, which is already deeply divided, along a long frontier; joining Peru, which has already been heading in directions that have been difficult to deal with, and joining Bolivia, which has also gone in a more leftist, anti-U.S. direction, even without any of these developments.

So I don't think we should delude ourselves that an Allende takeover in Chile would not present massive problems for us, and for democratic forces and for pro-U.S. forces in Latin America, and indeed to the whole Western Hemisphere. What would happen to the Western Hemisphere Defense Board, or to the Organization of American States, and so forth, in extremely problematical. . . . It is one of those situations which is not too happy for American interests. (*Multinational Corporations and United States Foreign Policy*, Hearings before the Subcommittee on Multinational Corporations of the Committee on Foreign Relations, United States Senate, Ninety-Third Congress, Washington: GPO, 1973, Part 2, pp. 542-3)

As the discussion of National Intelligence Estimates in Section IV of this paper makes clear the more extreme fears about the effects of Allende's election were ill-founded: there never was a significant

threat of a Soviet military presence; the "export" of Allende's revolution was limited, and its value as a model more restricted still; and Allende was little more hospitable to activist exiles from other Latin American countries than his predecessor had been. Nevertheless, those fears, often exaggerated, appear to have activated officials in Washington.

The "cool but correct" public posture and extensive clandestine activities formed two-thirds of a triad of official actions. The third was economic pressure, both overt and covert, intended to exacerbate the difficulties felt by Chile's economy. The United States cut off economic aid, denied credits, and made efforts—partially successful—to enlist the cooperation of international financial institutions and private firms in tightening the economic "squeeze" on Chile. That international "squeeze" intensified the effect of the economic measures taken by opposition groups within Chile, particularly the crippling strikes in the mining and transportation sectors. For instance, the combined effect of the foreign credit squeeze and domestic copper strikes on Chile's foreign exchange position was devastating.

Throughout the Allende years, the U.S. maintained close contact with the Chilean armed forces, both through the CIA and through U.S. military attachés. The basic purpose of these contacts was the gathering of intelligence, to detect any inclination within the Chilean armed forces to intervene. But U.S. officials also were instructed to seek influence within the Chilean military and to be generally supportive of its activities without appearing to promise U.S. support for military efforts which might be premature. For instance, in November 1971, the Station was instructed to put the U.S. government in a position to take future advantage of either a political or a military solution to the Chilean dilemma, depending on developments within the country and the latter's impact on the military themselves.

There is no hard evidence of direct U.S. assistance to the coup, despite frequent allegations of such aid. Rather the United States—by its previous actions during Track II, its existing general posture of opposition to Allende, and the nature of its contacts with the Chilean military—probably gave the impression that it would not look with disfavor on a military coup. And U.S. officials in the years before 1973 may not always have succeeded in walking the thin line between monitoring indigenous coup plotting and actually stimulating it.

2. Techniques of Covert Action

A. SUPPORT FOR OPPOSITION POLITICAL PARTIES

More than half of the 40 Committee-approved funds supported the opposition political parties: the Christian Democratic Party (PDC), the National Party (PN), and several splinter groups. Nearly half-a-million dollars was channeled to splinter groups during the Allende years. Early in 1971 CIA funds enabled the PDC and PN to purchase their own radio stations and newspapers. All opposition parties were passed money prior to the April 1971 municipal elections and a congressional by-election in July. In November 1971 funds were approved to strengthen the PDC, PN, and splinter groups. An effort was also made to induce a breakup of the UP coalition. CIA funds supported

the opposition parties in three by-elections in 1972, and in the March 1973 congressional election. Money provided to political parties not only supported opposition candidates in the various elections, but enabled the parties to maintain an anti-government campaign throughout the Allende years, urging citizens to demonstrate their opposition in a variety of ways.

Throughout the Allende years, the CIA worked to forge a united opposition. The significance of this effort can be gauged by noting that the two main elements opposing the Popular Unity government were the National Party, which was conservative, and the reformist Christian Democratic Party, many of whose members had supported the major policies of the new government.

B. PROPAGANDA AND SUPPORT FOR OPPOSITION MEDIA

Besides funding political parties, the 40 Committee approved large amounts to sustain opposition media and thus to maintain a hard-hitting propaganda campaign. The CIA spent \$1.5 million in support of *El Mercurio*, the country's largest newspaper and the most important channel for anti-Allende propaganda. According to CIA documents, these efforts played a significant role in setting the stage for the military coup of September 11, 1973.

The 40 Committee approvals in 1971 and early 1972 for subsidizing *El Mercurio* were based on reports that the Chilean government was trying to close the *El Mercurio* chain. In fact, the press remained free throughout the Allende period, despite attempts to harass and financially damage opposition media. The alarming field reports on which the 40 Committee decisions to support *El Mercurio* were based are at some variance with intelligence community analyses. For example, an August 1971 National Intelligence Estimate—nine months after Allende took power—maintained that the government was attempting to dominate the press but commented that *El Mercurio* had managed to retain its independence. Yet one month later the 40 Committee voted \$700,000 to keep *El Mercurio* afloat. And CIA documents in 1973 acknowledge that *El Mercurio* and, to a lesser extent, the papers belonging to opposition political parties, were the only publications under pressure from the government.

The freedom of the press issue was the single most important theme in the international propaganda campaign against Allende. Among the books and pamphlets produced by the major opposition research organization was one which appeared in October 1972 at the time of the Inter-American Press Association (IAPA) meeting in Santiago. As in the 1970 period, the IAPA listed Chile as a country in which freedom of the press was threatened.

The CIA's major propaganda project funded a wide range of propaganda activities. It produced several magazines with national circulations and a large number of books and special studies. It developed material for placement in the *El Mercurio* chain (amounting to a total daily circulation of over 300,000); opposition party newspapers; two weekly newspapers; all radio stations controlled by opposition parties; and on several regular television shows on three channels. *El Mercurio* was a major propaganda channel during 1970-73, as it had been during the 1970 elections and pre-inauguration period.

The CIA also funded progressively a greater portion—over 75 percent in 1973—of an opposition research organization. A steady flow of economic and technical material went to opposition parties and private sector groups. Many of the bills prepared by opposition parliamentarians were actually drafted by personnel of the research organization.

C. SUPPORT FOR PRIVATE SECTOR ORGANIZATIONS

The Committee has taken testimony that 40 Committee-approved funds were used to help maintain and strengthen the democratic opposition in Chile. It has been stressed that CIA had nothing to do with the truck owners' strike and the disorders that led to the coup. The question of CIA support to Chilean private sector groups is a matter of considerable concern because of the violent tactics used by several of these groups in their efforts to bring about military intervention.

The issue of whether to support private groups was debated within the Embassy and the 40 Committee throughout late 1972 and 1973. In September 1972, the 40 Committee authorized \$24,000 for "emergency support" of a powerful businessmen's organization, but decided against financial support to other private sector organizations because of their possible involvement in anti-government strikes. In October 1972, the Committee approved \$100,000 for three private sector organizations—the businessmen's organization, associations of large and small businessmen and an umbrella organization of opposition groups—as part of a \$1.5 million approval for support to opposition groups. According to CIA testimony, 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.

After the March 1973 elections, in which opposition forces failed to achieve the two-thirds majority in the Senate that might have permitted them to impeach Allende and hold new elections, the U.S. Government re-assessed its objectives. There seemed little likelihood of a successful military coup, but there did appear to be a possibility that increasing unrest in the entire country might induce the military to re-enter the Allende government in order to restore order. Various proposals for supporting private sector groups were examined in the context, but the Ambassador and the Department of State remained opposed to any such support because of the increasingly high level of tension in Chile, and because the groups were known to hope for military intervention.

Nevertheless, on August 20, the 40 Committee approved a proposal granting \$1 million to opposition parties and private sector groups, with passage of the funds contingent on the concurrence of the Ambassador, Nathaniel Davis, and the Department of State. None of these funds were passed to private sector groups before the military coup three weeks later.

While these deliberations were taking place, the CIA Station asked Headquarters to take soundings to determine whether maximum support could be provided to the opposition, including groups like the truck owners. The Ambassador agreed that these soundings should be taken but opposed a specific proposal for \$25,000 of support to the strikers. There was a CIA recommendation for support to the truck

owners, but it is unclear whether or not that proposal came before the 40 Committee. On August 25—16 days before the coup—Headquarters advised the Station that soundings were being taken, but the CIA Station's proposal was never approved.

The pattern of U.S. deliberations suggests a careful distinction between supporting the opposition parties and funding private sector groups trying to bring about a military coup. However, given turbulent conditions in Chile, the interconnections among the CIA-supported political parties, the various militant trade associations (*gremios*) and paramilitary groups prone to terrorism and violent disruption were many. The CIA was aware that links between these groups and the political parties made clear distinctions difficult.

The most prominent of the right-wing paramilitary groups was *Patria y Libertad* (Fatherland and Liberty), which formed following Allende's September 4 election, during so-called Track II. The CIA provided *Patria y Libertad* with \$38,500 through a third party during the Track II period, in an effort to create tension and a possible pretext for intervention by the Chilean military. After Allende took office, the CIA occasionally provided the group small sums through third parties for demonstrations or specific propaganda activity. Those disbursements, about seven thousand dollars in total, ended in 1971. It is possible that CIA funds given to political parties reached *Patria y Libertad* and a similar group, the Rolando Matus Brigade, given the close ties between the parties and these organizations.

Throughout the Allende presidency, *Patria y Libertad* was the most strident voice opposing all compromise efforts by Christian Democrats, calling for resistance to government measures, and urging insurrection in the armed forces. Its tactics came to parallel those of the Movement of the Revolutionary Left (MIR) at the opposite end of the political spectrum. *Patria y Libertad* forces marched at opposition rallies dressed in full riot gear. During the October 1972 national truckers' strike, *Patria y Libertad* was reported to strew "miguelitos" (three-pronged steel tacks) on highways in order to help bring the country's transportation system to a halt. On July 13, 1973, *Patria y Libertad* placed a statement in a Santiago newspaper claiming responsibility for an abortive coup on June 29, and on July 17, *Patria y Libertad* leader Roberto Thieme announced that his groups would unleash a total armed offensive to overthrow the government.

With regard to the truckers' strike, two facts are undisputed. First, the 40 Committee did not approve any funds to be given directly to the strikers. Second, all observers agree that the two lengthy strikes (the second lasted from July 13, 1973, until the September 11 coup) could not have been maintained on the basis of union funds. It remains unclear whether or to what extent CIA funds passed to opposition parties may have been siphoned off to support strikes. It is clear that anti-government strikers were actively supported by several of the private sector groups which received CIA funds. There were extensive links between these private sector organizations and the groups which coordinated and implemented the strikes. In November 1972 the CIA learned that one private sector group had passed \$2,800 directly to strikers, contrary to the Agency's ground rules. The CIA rebuked the group but nevertheless passed it additional money the next month.

3. *United States Economic Policies Toward Chile: 1970-1973*

A. COVERT ACTION AND ECONOMIC PRESSURE

The policy response of the U.S. Government to the Allende regime consisted of an interweaving of diplomatic, covert, military, and economic strands. Economic pressure exerted by the United States formed an important part of the mix. It is impossible to understand the effect of covert action without knowing the economic pressure which accompanied it.

B. CHILEAN ECONOMIC DEPENDENCE

The demise of the brief Allende experiment in 1970-73 came as the cumulative result of many factors—external and internal. The academic debate as to whether the external or the internal factors weighed more heavily is endless. This is not the place to repeat it. A brief description of the Chilean economy will suffice to suggest the probable effect on Chile of U.S. economic actions and the possible interactions between economic and political factors in causing Allende's downfall.

Chile's export-oriented economy remained, in 1970, dependent for foreign exchange earnings on a single product—copper—much as it had depended on nitrate in the 19th century. However, the Allende Administration consciously adopted a policy of beginning to diversify Chile's trade by expanding ties with Great Britain, the rest of the Western European countries, and Japan, and by initiating minor trade agreements with the Eastern Bloc countries.

Nevertheless, Chilean economic dependence on the United States remained a significant factor during the period of the Allende government. In 1970, U.S. direct private investment in Chile stood at \$1.1 billion, out of an estimated total foreign investment of \$1.672 billion. U.S. and foreign corporations played a large part in almost all of the critical areas of the Chilean economy. Furthermore, United States corporations controlled the production of 80 percent of Chile's copper, which in 1970 accounted for four-fifths of Chile's foreign exchange earnings. Hence, the Allende government faced a situation in which decisions of foreign corporations had significant ramifications throughout the Chilean economy.

Chile had accumulated a large foreign debt during the Frei government, much of it contracted with international and private banks. Chile was able, through the Paris Club, to re-negotiate \$800 million in debts to foreign governments and medium-term debt to major U.S. banks in early 1972. It also obtained in 1972 some \$600 million in credits and loans from socialist bloc countries and Western sources; however, a study done by the Inter-American Committee on the Alliance for Progress concluded that these credits were "tied to specific development projects and [could] be used only gradually."

Even with a conscious policy of diversifying its foreign trading patterns, in 1970 Chile continued to depend on the import of essential replacement parts from United States firms. The availability of short-term United States commercial credits dropped from around \$300 million during the Frei years to around \$30 million in 1972. The drop, a result of combined economic and political factors, seriously affected the Allende government's ability to purchase replacement parts and machinery for the most critical sectors of the economy: copper, steel, electricity, petroleum, and transport.

By late 1972, the Chilean Ministry of the Economy estimated that almost one-third of the diesel trucks at Chuquicamata Copper Mine, 30 percent of the privately owned city buses, 21 percent of all taxis, and 33 percent of state-owned buses in Chile could not operate because of the lack of spare parts or tires. In overall terms, the value of United States machinery and transport equipment exported to Chile by U.S. firms declined from \$152.6 million in 1970 to \$110 million in 1971.

C. THE INSTRUMENTS OF UNITED STATES FOREIGN ECONOMIC POLICY TOWARD ALLENDE

United States foreign economic policy toward Allende's government was articulated at the highest levels of the U.S. government, and coordinated by interagency task forces. The policy was clearly framed during the Track II period. Richard Helms' notes from his September 15, 1970, meeting with President Nixon, the meeting which initiated Track II, contain the indication: "Make the economy scream." A week later Ambassador Korry reported telling Frei, through his Defense Minister, that "not a nut or bolt would be allowed to reach Chile under Allende."

While the Chilean economy was vulnerable to U.S. pressures over a period of a few years, it was not in the short run. That judgment was clearly made by intelligence analysts in the government, but its implications seem not to have affected policy-making in September and October of 1970. A February 1971 Intelligence Memorandum noted that Chile was not immediately vulnerable to investment, trade or monetary sanctions imposed by the United States. In fact, the imposition of sanctions, while it would hurt Chile eventually, was seen to carry one possible short-run benefit—it would have given Chile a justification for renouncing nearly a billion dollars of debt to the United States.

The policy of economic pressure—articulated in NSDM 93 of November 1970—was to be implemented through several means. All new bilateral foreign assistance was to be stopped, although disbursements would continue under loans made previously. The U.S. would use its predominant position in international financial institutions to dry up the flow of new multilateral credit or other financial assistance. To the extent possible, financial assistance or guarantees to U.S. private investment in Chile would be ended, and U.S. businesses would be made aware of the government's concern and its restrictive policies.

The bare figures tell the story. U.S. bilateral aid, \$35 million in 1969, was \$1.5 million in 1971. (See Table II.) U.S. Export-Import Bank credits, which had totalled \$234 million in 1967 and \$29 million in 1969, dropped to zero in 1971. Loans from the multilateral Inter-American Development Bank (IDB), in which the U.S. held what amounted to a veto, had totalled \$46 million in 1970; they fell to \$2 million in 1972 (United States A.I.D. figures). The only new IDB loans made to Chile during the Allende period were two small loans to Chilean universities made in January 1971.⁴ Similarly, the World Bank made no new loans to Chile between 1970 and 1973. However, the International Monetary Fund extended Chile approximately \$90 million during 1971 and 1972 to assist with foreign exchange difficulties.

⁴As with bilateral aid, disbursements were continued under previous commitments, \$54 million was disbursed between December 1970 and December 1972. (IDB figures)

TABLE II.—FOREIGN AID TO CHILE FROM U.S. GOVERNMENT AGENCIES AND INTERNATIONAL INSTITUTIONS—TOTAL OF LOANS AND GRANTS

[In millions of dollars]

| Fiscal year | 1953-61 | 1962 | 1963 | 1964 | 1965 | 1966 | 1967 | 1968 | 1969 | 1970 | 1971 | 1972 | 1973 | 1974 |
|--|---------|-------|-------|-------|-------|-------|-------|-------|------|------|------|-------------------|-------------------|--------------------|
| Total U.S. economic aid..... | 339.7 | 169.8 | 85.3 | 127.1 | 130.4 | 111.9 | 260.4 | 97.1 | 80.8 | 29.6 | 8.6 | 7.4 | 3.8 | 9.8 |
| U.S. AID..... | 76.4 | 142.7 | 41.3 | 78.9 | 99.5 | 93.2 | 15.5 | 57.9 | 35.4 | 18.0 | 1.5 | 1.0 | .8 | 5.3 |
| U.S. Food for Peace..... | 94.2 | 6.6 | 22.0 | 26.9 | 14.2 | 14.4 | 7.9 | 23.0 | 15.0 | 7.2 | 6.3 | 5.9 | 2.5 | 3.2 |
| U.S. Export-Import Bank..... | 169.0 | .8 | 16.2 | 15.3 | 8.2 | .1 | 234.6 | 14.2 | 28.7 | 3.3 | | 1.6 | 3.1 | 198.1 |
| Total U.S. Military aid..... | 41.8 | 17.8 | 30.6 | 9.0 | 9.9 | 10.1 | 4.1 | 7.8 | 11.8 | .8 | 5.7 | 12.3 | 15.0 | 15.9 |
| Total U.S. economic and military aid..... | 381.5 | 187.6 | 115.9 | 136.1 | 140.3 | 122.0 | 264.5 | 104.9 | 91.8 | 30.4 | 14.3 | ² 21.3 | ² 21.9 | ² 123.8 |
| Total international organizations ³ | 135.4 | 18.7 | 31.2 | 41.4 | 12.4 | 72.0 | 93.8 | 19.4 | 49.0 | 76.4 | 15.4 | ² 8.2 | 9.4 | 111.2 |
| IBRD (World Bank)..... | 95.2 | | | 22.6 | 4.4 | 2.7 | 60.0 | | 11.6 | 19.3 | | | | 13.5 |
| Inter-American Development Bank (IDB)..... | 5.7 | 15.1 | 24.4 | 16.6 | 4.9 | 62.2 | 31.0 | 16.5 | 31.9 | 45.6 | 12.0 | 2.1 | 5.2 | 97.3 |

¹ Includes Ex-Im: 57.0 and other: 41.1.

² Total per chart plus Export-Import Bank.

³ U.S. contributions to I.O.'s included above; therefore U.S. aid and international aid should not be added together.

Source: U.S. Overseas Loans and Grants, Obligations and Loan Authorizations, July 1, 1945 to June 30, 1971, pp. 40, 179; and July 1, 1945 to June 30, 1974, pp. 39, 175. Prepared by Statistics and Reports Division, Office of Financial Management, Agency for International Development.

Reaction to events in Chile accounted for much of the momentum in the United States Government for the development of a policy on expropriation. In what came to be known as the Allende Doctrine, Chile proposed to deduct a calculation of "excess profits" (over and above reinvestments and a 10-12 percent profit margin) from any compensation paid to nationalized firms in the copper sector. By this calculation, U.S. copper companies were in fact told they owed money. The reaction of the U.S. Government was strong. In January 1972, President Nixon announced that, when confronted with such situations, the U.S. would cut off bilateral aid and "withhold its support from loans under consideration in multilateral development banks."

While the State Department, the CIA, and the Department of Commerce all participated in the United States economic policy toward Chile, a central point in the execution of this policy was the Department of the Treasury. The Department instructs U.S. representatives on multilateral lending institutions. In the IDB, for instance, the U.S. controlled 40 percent of the votes, sufficient to veto any "soft" IDB loans. Loan proposals submitted to the IDB were held under study, never coming up for a vote by the IDB Board. Whether U.S. actions, and those of the multilateral institutions, were motivated by political interests or economic judgments of Chile's "credit worthiness" is a debate not yet definitively settled. However, it seems clear from the pattern of U.S. economic actions and from the nature of debates within the Executive Branch that American economic policy was driven more by political opposition to an Allende regime than by purely technical judgments about Chile's finances.

The posture of the Export-Import Bank, a United States public institution, reflected the tone of U.S. economic policy toward Chile during the Allende period. In the fall of 1970, the Bank dropped Chile's credit rating from "B," the second category, to "D," the last category. Insofar as the rating contributed to similar evaluations by private U.S. banks, corporations, and international private investors, it aggravated Chile's problem of attracting and retaining needed capital inflow through private foreign investment. In mid-August 1971 the Bank decided that a \$21 million credit for Boeing passenger jets would be deferred pending a resolution of the controversy over compensation for nationalized U.S. copper companies. That Bank decision came one month after the nationalization and two months before the final decision on compensation. In fact, the Boeing decision had been first announced in May, *before* the nationalization occurred.

The United States linked the question of indemnization for U.S. copper companies with Chile's multilateral foreign debt. That foreign debt, an inheritance from the obligations incurred by the Alessandri and Frei governments, was the second highest foreign debt per capita of any country in the world. Yet, in the 1972 and 1973 Paris Club foreign debt negotiations with Chile's principal foreign creditor nations, the United States alone refused to consider rescheduling Chile's foreign debt payments until there was movement toward indemnization for the U.S. copper companies. The United States also exerted pressure on each of the other foreign creditor nations not to renegotiate Chile's foreign debt as a group.

4. *U.S. Relations with the Chilean Military*

United States relations with the Chilean military during 1970–1973 must be viewed against the backdrop not only of the tradition of close cooperation between the American and Chilean military services and of continuing intelligence collection efforts, but also in the context of Track II—an attempt to foment a military coup. Track II marked a break in the nature of relations between U.S. officials and the Chilean military.

Close personal and professional cooperation between Chilean and U.S. officers was a tradition of long standing. The American military presence in Chile was substantial, consisting both of military attachés, the Embassy, and members of the Military Group who provided training and assistance to the Chilean armed services. In the late 1960's the Military Group numbered over fifty; by the Allende period, it was reduced to a dozen or so, for reasons which had primarily to do with U.S. budget-cutting.

A. PRE-TRACK II

In July 1969 the CIA Station in Santiago requested and received Headquarters approval for a covert program to establish intelligence assets in the Chilean armed services for the purpose of monitoring coup plotting. The program lasted for four years; it involved assets drawn from all three branches of the Chilean military and included command-level officers, field- and company-grade officers, retired general staff officers and enlisted men. From 1969 to August 1970, the project adhered closely to its stated objective of monitoring and reporting coup-oriented activity within the Chilean military.

During August, September and October of 1969, it became increasingly clear from the agents' reports that the growing dissatisfaction and unrest within the armed forces was leading to an unstable military situation. These events culminated in the abortive military revolt of October 1969—the *Tacnazo*, named after the city where it occurred, Tacna. How close the amateurish *Tacnazo* came to success was a lesson to remember, particularly in light of the upcoming Presidential election of 1970 and the strong possibility that Salvador Allende would emerge victorious.

B. TRACK II

The Track II covert action effort to organize a military coup to deny Allende the Presidency caught the Santiago Station unprepared. Its two assets in the Chilean military were not in a position to spark a coup. To accomplish the mission directed by Washington, the Station had to use a U.S. military attache and other hastily developed contacts with the two main coup plotting groups in the Chilean military. These contacts not only reported the plans of the groups but also relayed the Station's advice about mechanics and timing, and passed on indications of U.S. Government support following a successful coup. With the death of Schneider, the plotters' effort collapsed in disarray, leaving the Station with only its initial assets in the military. It took the Station another ten months to rebuild a network of agents among the cautious Chilean military.

As part of its attempt to induce the Chilean military to intervene before the October 24 congressional vote, the United States had threatened to cut off military aid if the military refused to act. That was accompanied by a promise of support in the aftermath of a coup. However, military assistance was *not* cut off at the time of Allende's confirmation (see Table III). Military sales jumped sharply from 1972 to 1973 and even more sharply from 1973 to 1974 after the coup (see Table IV). Training of Chilean military personnel in Panama also rose during the Allende years (see Table V).

C. 1970-73

After the failure of Track II, the CIA rebuilt its network of contacts and remained close to Chilean military officers in order to monitor developments within the armed forces. For their part, Chilean officers who were aware that the United States once had sought a coup to prevent Allende from becoming president must have been sensitive to indications of continuing U.S. support for a coup.

By September 1971 a new network of agents was in place and the Station was receiving almost daily reports of new coup plotting. The Station and Headquarters began to explore ways to use this network. At the same time, and in parallel, the Station and Headquarters discussed a "deception operation" designed to alert Chilean officers to real or purported Cuban involvement in the Chilean army. Throughout the fall of 1971, the Station and Headquarters carried on a dialogue about both the general question of what to do with the intelligence network and the objectives of the specific operation.

TABLE III.—MILITARY ASSISTANCE¹

| Fiscal year | Programed | Delivered |
|-------------|-------------|-------------|
| 1966..... | \$8,806,000 | \$8,366,000 |
| 1967..... | 4,143,000 | 4,766,000 |
| 1968..... | 1,801,000 | 7,507,000 |
| 1969..... | 734,000 | 2,662,000 |
| 1970..... | 852,000 | 1,966,000 |
| 1971..... | 698,000 | 1,033,000 |
| 1972..... | 870,000 | 2,227,000 |
| 1973..... | 941,000 | 918,000 |
| 1974..... | 912,000 | 619,000 |

¹ Figures are from a Department of Defense response to a Senate Select Committee document request and are unclassified.

TABLE IV.—MILITARY SALES¹

| Fiscal year | Orders | Delivered |
|-------------|-------------|-------------|
| 1966..... | \$1,057,000 | \$1,490,000 |
| 1967..... | 2,559,000 | 1,690,000 |
| 1968..... | 4,077,000 | 2,100,000 |
| 1969..... | 1,676,000 | 2,147,000 |
| 1970..... | 7,503,000 | 9,145,000 |
| 1971..... | 2,886,000 | 2,958,000 |
| 1972..... | 6,238,000 | 4,583,000 |
| 1973..... | 14,972,000 | 2,242,000 |
| 1974..... | 76,120,000 | 4,860,000 |

¹ Figures are from a Department of Defense response to a Senate Select Committee document request and are unclassified.

TABLE V.—TRAINING IN PANAMA¹

| Fiscal year | Number of people | Fiscal year | Number of people |
|-------------|------------------|-------------|------------------|
| 1966 | 68 | 1971 | 146 |
| 1967 | 57 | 1972 | 197 |
| 1968 | 169 | 1973 | 257 |
| 1969 | 107 | 1974 | 260 |
| 1970 | 181 | | |

¹ Figures are from a Department of Defense response to a Senate Select Committee document request and are unclassified.

The Station proposed, in September, to provide information—some of it fabricated by the CIA—which would convince senior Chilean Army officers that the Carabineros' *Investigaciones* unit, with the approval of Allende was acting in concert with Cuban intelligence (DGI) to gather intelligence prejudicial to the Army high command. It was hoped that the effort would arouse the military against Allende's involvement with the Cubans, inducing the armed services to press the government to alter its orientation and to move against it if necessary. A month later CIA Headquarters suggested that the deception operation be shelved, in favor of passing "verifiable" information to the leader of the coup group which Headquarters and the Station perceived as having the highest probability of success.

After a further Station request, Headquarters agreed to the operation, with the objective of educating senior Chilean officers and keeping them on alert. In December 1971 a packet of material, including a fabricated letter, was passed to a Chilean officer outside Chile. The CIA did not receive any subsequent reports on the effect, if any, this "information" had on the Chilean military. While the initial conception of the operation had included a series of such passages, no further packets were passed.

The Station/Headquarters dialogue over the use of the intelligence network paralleled the discussion of the deception operation. In November the Station suggested that the ultimate objective of the military penetration program was a military coup. Headquarters responded by rejecting that formulation of the objective, cautioning that the CIA did not have 40 Committee approval to become involved in a coup. However, Headquarters acknowledged the difficulty of drawing a firm line between monitoring coup plotting and becoming involved in it. It also realized that the U.S. government's desire to be in clandestine contact with military plotters, for whatever purpose, might well imply to them U.S. support for their future plans.

During 1970-73, the Station collected operational intelligence necessary in the event of a coup—arrest lists, key civilian installations and personnel that needed protection, key government installations which need to be taken over, and government contingency plans which would be used in case of a military uprising. According to the CIA, the data was collected only against the contingency of future Headquarters requests and was never passed to the Chilean military.

The intelligence network continued to report throughout 1972 and 1973 on coup plotting activities. During 1972 the Station continued to monitor the group which might mount a successful coup, and it spent a significantly greater amount of time and effort penetrating this

group than it had on previous groups. This group had originally come to the Station's attention in October 1971. By January 1972 the Station had successfully penetrated it and was in contact through an intermediary with its leader.

During late 1971 and early 1972, the CIA adopted a more active stance *vis à vis* its military penetration program, including a short-lived effort to subsidize a small anti-government news pamphlet directed at the armed services, its compilation of arrest lists and other operational data, and its deception operation.

Intelligence reporting on coup plotting reached two peak periods, one in the last week of June 1973 and the other during the end of August and the first two weeks in September. It is clear the CIA received intelligence reports on the coup planning of the group which carried out the successful September 11 coup throughout the months of July, August, and September 1973.

The CIA's information-gathering efforts with regard to the Chilean military included activity which went beyond the mere collection of information. More generally, those efforts must be viewed in the context of United States opposition, overt and covert, to the Allende government. They put the United States Government in contact with those Chileans who sought a military alternative to the Allende presidency.

F. Post-1973

1. Chile Since the Coup

Following the September 11, 1973, coup, the military Junta, led by General Augusto Pinochet, moved quickly to consolidate its newly acquired power. Political parties were banned, Congress was put in indefinite recess, press censorship was instituted, supporters of Allende and others deemed opponents of the new regime were jailed, and elections were put off indefinitely.

The prospects for the revival of democracy in Chile have improved little over the last two years. A 1975 National Intelligence Estimate stated that the Chilean armed forces were determined to oversee a prolonged political moratorium and to revamp the Chilean political system. The NIE stated that the Junta had established tight, authoritarian controls over political life in Chile which generally continued in effect. It had outlawed Marxist parties in Chile as well as other parties which had comprised Allende's coalition. In addition, the Christian Democratic and National parties had been placed in involuntary recess. These two parties were forbidden from engaging in political activity and restricted to purely housekeeping functions.

In addition, charges concerning the violation of human rights in Chile continue to be directed at the Junta. Most recently, a United Nations report on Chile charged that "torture centers" are being operated in Santiago and other parts of the country. The lengthy document, issued October 14, 1975, listed 11 centers where it says prisoners are being questioned "by methods amounting to torture." The Pinochet government had originally offered full cooperation to the U.N. group, including complete freedom of movement in Chile. However, six days before the group's arrival in Santiago, the government reversed itself and notified the group that the visit was cancelled.

2. CIA Post-Coup Activities in Chile

The covert action budget for Chile was cut back sharply after the coup and all the anti-Allende projects except for one, a major propaganda project, were terminated. Covert activities in Chile following the coup were either continuations or adaptations of earlier projects, rather than major new initiatives.

The goal of covert action immediately following the coup was to assist the Junta in gaining a more positive image, both at home and abroad, and to maintain access to the command levels of the Chilean government. Another goal, achieved in part through work done at the opposition research organization before the coup, was to help the new government organize and implement new policies. Project files record that CIA collaborators were involved in preparing an initial overall economic plan which has served as the basis for the Junta's most important economic decisions.

With regard to the continuing propaganda project, a number of activities, including the production of books, a mailing effort, a military collection program, and the media coordination effort were terminated. However, access to certain Chilean media outlets was retained in order to enable the CIA Station in Santiago to help build Chilean public support for the new government as well as to influence the direction of the government, through pressures exerted by the mass media. These media outlets attempted to present the Junta in the most positive light for the Chilean public and to assist foreign journalists in Chile to obtain facts about the local situation. Further, two CIA collaborators assisted the Junta in preparing a *White Book of the Change of Government in Chile*. The *White Book*, published by the Junta shortly after the coup, was written to justify the overthrow of Allende. It was distributed widely both in Washington and in other foreign capitals.

After the coup, the CIA renewed liaison relations with the Chilean government's security and intelligence forces, relations which had been disrupted during the Allende period. Concern was expressed within the CIA that liaison with such organizations would lay the Agency open to charges of aiding political repression; officials acknowledged that, while most of CIA's support to the various Chilean forces would be designed to assist them in controlling subversion from abroad, the support could be adaptable to the control of internal subversion as well. However, the CIA made it clear to the Chileans at the outset that no CIA support would be provided for use in internal political repression. Furthermore, the CIA attempted to influence the Junta to maintain the norms the Junta had set in its "Instructions for Handling of Detainees" which closely followed the standards on human rights set by the 1949 Geneva Convention.

IV. Chile: Authorization, Assessment, and Oversight

A. 40 COMMITTEE AUTHORIZATION AND CONTROL: CHILE, 1969-1973

1. 40 Committee Functions and Procedures

Throughout its history, the 40 Committee and its direct predecessors—the 303 Committee and the Special Group—have had one overriding purpose; to exercise political control over covert operations abroad. The 40 Committee is charged with considering the objectives of any proposed activity, whether or not it would accomplish these aims, and in general whether or not it would be “proper” and in the American interest. Minutes and summaries of 40 Committee meetings on Chile indicate that, by and large, these considerations were discussed and occasionally debated by 40 Committee members.

In addition to exercising political control, the 40 Committee has been responsible for framing covert operations in such a way that they could later be “disavowed” or “plausibly denied” by the United States government—or at least by the President. In the case of Chile, of course, this proved to be an impossible task. Not only was CIA involvement in Chile “blown,” but in September 1974, President Ford publicly acknowledged at a press conference U.S. covert involvement in Chile.

Before covert action proposals are presented to the Director for submission to the 40 Committee, an internal CIA instruction states that they *should* be coordinated with the Department of State and that, *ordinarily*, concurrence by the ambassador to the country concerned is required. “Should,” and “ordinarily” were underscored for an important reason—major covert action proposals are not always coordinated among the various agencies. Nor, for that matter, are they always discussed and/or approved by the 40 Committee. The Chile case demonstrates that in at least one instance, the so-called Track II activity, the President instructed the CIA not to inform nor coordinate this activity with the Departments of State or Defense or the ambassador in the field. Nor was the 40 Committee ever informed.

Not all covert activities are approved by the 40 Committee. Projects not deemed politically risky or involving large sums of money can be approved within the CIA. By CIA statistics, only about one-fourth of all covert action projects are considered by the 40 Committee. The Committee has not been able to determine what percentage of covert action projects conducted by the CIA in Chile were approved within the CIA or required 40 Committee authorization. Despite this fact, the Committee has found evidence of projects not considered by the 40 Committee, thus conforming to this general authorization rule. This is not to imply that the CIA undertook activities in Chile behind the back of the 40 Committee or without its approval. The Agency was

simply following the authorization procedures for covert projects that then existed. These same procedures exist today.

There have been numerous criticisms of 40 Committee procedures, some of which follow:

The criteria by which covert operations are brought before the 40 Committee appear to be fuzzy. The real degree of accountability for covert actions remains to be determined.

There is a basic conflict between sufficient consultation to insure accountability and sound decisions on the one hand, and secure operations on the other. The risk of inadequate consultation may be aggravated by the more informal procedure of telephone clearances, which has been used by the 40 Committee for the last few years.

The review of covert actions by the 40 Committee does not appear to be searching or thorough. There still appears to be a serious risk that operations will end only when they come to grief.

2. 40 Committee Approvals

According to a chronology of 40 Committee meetings, the Committee met on 23 separate occasions between March 1970 and October 1973 to authorize funds for covert activities in Chile.¹ During this period, the Committee authorized a total of \$8.8 million for CIA covert activities in Chile. Of this amount, \$6.5 million was spent.

The range of CIA activities in Chile approved by the 40 Committee included "spoiling" operations against Allende prior to the September 4th election, assistance to Chilean political parties, a contingency fund for Ambassador Korry's use to influence the October 24 congressional vote, purchase of a Chilean radio station to be used as a political opposition instrument against Allende, assistance to specific political candidates, emergency aid to keep the Santiago paper, *El Mercurio*, afloat, and support for an anti-Allende businessmen's association.

3. Policy Splits Within the 40 Committee

Unanimity was not a hallmark of 40 Committee meetings on Chile, at least during the period April 1969 to October 1970. Stated simply, the State Department was generally skeptical about intervening in the Chilean electoral process, whereas the CIA, the U.S. Ambassador to Chile, the Defense Department, and the White House favored intervention.

The question of whether anything should be done with regard to the September 1970 presidential election in Chile was first raised at a meeting of the 303 Committee on April 15, 1969. It was not until December 1969, however, that a joint Embassy-CIA proposal for a campaign directed against Allende was submitted to the Committee. At this December meeting, two State Department officials questioned

¹ The use of the term "40 Committee meetings" must not be taken in a literal sense. At the outset of the Nixon Administration, the 40 Committee did meet frequently to discuss and approve, as well as review, U.S. covert activities. However, within a relatively short period of time, these formal meetings of the 40 Committee were replaced by less frequent meetings and a system of telephone clearances. Today the 40 Committee rarely meets. Covert action proposals, prepared by the DCI, are distributed to the various 40 Committee principals and approvals or disapprovals are obtained over the phone by the 40 Committee Special Group officer, a CIA officer on loan to the NSC staff.

the need for U.S. involvement in the election. One State official commented that an Allende victory would not be the same as a Communist victory. The U.S. Ambassador to Chile, Edward Korry, who had been recalled for consultation, disagreed. He stated that operationally one must treat an Allende victory as the same thing as a Communist victory. Korry went on to state that, in his view, an Allende government would be worse than a Castro government.

On March 25, 1970, the 40 Committee approved a "spoiling operation" against Allende and approved \$125,000 for this purpose. Again, however, the State Department, represented by Under Secretary of State U. Alexis Johnson, indicated that the Department remained lukewarm to any involvement in the election and informed the 40 Committee that the Department would be quite cool to a more positive approach.

One further example of policy disagreement within the 40 Committee was evidenced in a summary of a September 29, 1970, 40 Committee meeting. This meeting occurred a little more than three weeks after Allende had won his plurality victory on September 4. The question of applying economic pressure to Chile was raised, with the hope that this pressure would create the conditions which would lead to a military coup. After a run-through of possible economic pressures that could be brought to bear on Chile, provided by the CIA's Deputy Director for Plans Thomas Karamessines, Under Secretary of State Johnson noted that to swerve from 40 Committee-type action to economic warfare was tantamount to a change in foreign policy. Despite this concern, the 40 Committee did decide to increase economic pressures in Chile. The State Department was not happy with this turn of events. Assistant Secretary of State Charles Meyer remarked that should Allende be confirmed, the U.S. could place the burden on Allende for all that he did, and, after all, he would not be around forever. This view was not accepted by the CIA. Director Helms remarked at the meeting that Allende's Marxist pronouncements should be taken at face value while Karamessines added that a hands-off policy in Chile at this time would be read as the U.S. throwing in the sponge. As evidenced by later 40 Committee authorizations, the sponge was not thrown in.

B. INTELLIGENCE ESTIMATES AND COVERT ACTION

The intelligence community produces several kinds of assessments for policy makers. Of these, the most important are National Intelligence Estimates (NIEs)—joint, agreed assessment of foreign politics and capabilities—produced by the U.S. intelligence community. This section, based on a review of NIE's and other intelligence memoranda² regarding Chile written during 1969–1973, will trace the intelligence community's best estimates of what an Allende government signified for U.S. interests.

NIEs are approved by the United States Intelligence Board (USIB); dissenting agencies can register footnotes. Prior to 1973, a formal Board of National Estimates supervised the production of

² These include Intelligence Memoranda produced by the CIA's Office of Current Intelligence (OCI) and Intelligence Notes produced by the State Department's Bureau of Intelligence and Research (INR).

drafts by a special Office of National Estimates. In 1973, that structure was replaced by a system of National Intelligence Officers (NIOs), senior analysts drawn from the CIA and other intelligence agencies.

There have been persistent criticisms of NIEs and many of these remain with the new structure: the documents are least-common-denominator compromises and thus are of little value to policy makers; they are oriented toward short-range predictions rather than long-run assessments. Another criticism deals not with the NIEs themselves but with their use or abuse. It is charged that policy makers ignore NIEs or consult them only when estimates confirm their pre-existing policy preferences.

1. The Chile Estimates

Between 1969 and 1973, five Chile NIEs were produced, one in each year. In addition, several Intelligence Memoranda and Intelligence Notes relating to Chile were prepared by CIA and State. The likely policies and goals of an Allende administration, as predicted by the intelligence community, follow.

A. CHILE UNDER ALLENDE

A July 1970 Chile NIE, prepared a little over a month before the September election, raised the question of what an Allende victory would mean to Chile and the United States. The NIE occasioned considerable disagreement within the Washington community. The disagreement reflected a division between the Department of State on one side and the U.S. Ambassador and the CIA Station on the other. The latter position was that an Allende victory would mean the gradual imposition of a classic Marxist-Leninist regime in Chile. This position was reflected, with some qualifying remarks, in the NIE.

The 1970 NIE stated, in strong terms, that an Allende administration would proceed as rapidly as possible toward the establishment of a Marxist-Socialist state. It would be a Chilean version of a Soviet-style East European Communist state. The intelligence community predicted that although democracy was likely to survive in Chile over the next two or three years, Allende could take Chile a long way down the Marxist-Socialist road during the six years of his administration. To do this, however, he would have to surmount some very important obstacles, such as Chile's security forces, the Christian Democratic Party, some elements of organized labor, the Congress, and the Catholic Church. The NIE noted that Allende undoubtedly expected progress on basic bread and butter issues which would afford him an opportunity to secure control of the Congress in the 1973 election and thereby enable him to impose a socialist state of the Marxist variety by the *via pacífica* ("peaceful road").

The next NIE issued on Chile, in August 1971, was less shrill on the threat which Allende represented to Chilean democracy. He had been in office nine months. The NIE stated that the consolidation of Marxist political leadership in Chile was not inevitable and that Allende had a long, hard way to go to achieve this. The NIE warned, however, that although Allende would almost certainly prefer to ad-

here to constitutional means, he was likely to be impelled to use political techniques of increasingly dubious legality to perpetuate his coalition and power. Up to that point, the NIE observed, Allende had taken great care to observe constitutional forms and was enjoying considerable popularity in Chile.

The next NIE came out in June 1972. The prospects for the continuation of democracy in Chile appeared to be better than at any time since Allende's inauguration. The NIE stated that the traditional political system in Chile continued to demonstrate remarkable resiliency. Legislative, student, and trade union elections continued to take place in normal fashion, with pro-government forces accepting the results when they were adverse. The NIE noted that the Christian Democratic Party and the National Party had used their combined control of both Houses of Congress to stall government initiatives and to pass legislation designed to curtail Allende's powers. In addition, the opposition news media had been able to resist government intimidation and persisted in denouncing the government. The NIE concluded that the most likely course of events in Chile for the next year or so would be moves by Allende toward slowing the pace of his revolution in order to accommodate the opposition and to preserve the gains he had already made.

One final NIE on Chile was issued prior to Allende's overthrow in September 1973. That NIE focused on the prospects for the consolidation of power by Allende's regime. It concluded that at that juncture a political standoff seemed to be the most likely course of events in Chile. The NIE stated that Allende had not consolidated the power of his Marxist regime; the bulk of low-income Chileans believed that he had improved their conditions and represented their interests; and the growth in support for his coalition reflected his political ability as well as the popularity of his measures. The NIE did warn, however, that the growing polarization of the Chilean society was wearing away the Chilean predilection for political compromise. Nevertheless, the analysts predicted that there was only an outside chance that the military would move to force Allende from office.

B. U.S.-CHILEAN RELATIONS

Almost two years before Allende was elected, the intelligence community predicted that future U.S.-Chilean relations would be under repeated strains, regardless of which party won the 1970 presidential election. A 1969 NIE stated that whoever succeeded Frei in the presidency was likely to continue to stress Chilean independence, to be less cooperative with the U.S. than Frei had been, and to explore somewhat broader relations with communist countries. This NIE noted that were Allende to win, his administration would almost certainly take steps aimed at moving Chile away from the U.S. The NIE also observed that steps toward either government participation in or outright nationalization of U.S. copper holdings in Chile were inevitable.

A 1970 NIE, issued one month before Allende's September victory, was quite pessimistic about future U.S.-Chilean relations. It stated that if Allende were to win the election, he would almost certainly take harsh measures against U.S. business interests in Chile and challenge U.S. policies in the hemisphere. The NIE cited several foreign policy

problems an Allende regime would pose for the U.S., including recognition of Cuba, possible withdrawal from the OAS, the deterioration of relations with Argentina, and anti-U.S. votes in the United Nations. The NIE predicted, however, that Allende would probably not seek a break with the United States over the next two years.

A 1971 NIE, issued ten months into Allende's term in office, stated that U.S.-Chilean relations were dominated by the problems of nationalization, although Allende himself seemed to wish to avoid a confrontation. A 1972 Chile NIE noted that Allende, to date, had sought to avoid irreparable damage to his relations with Washington. Although the major problem concerning U.S.-Chilean relations continued to be that of compensation for the nationalization of U.S. companies, the 1972 NIE stated that Allende had taken pains to publicly stress his desire for amicable relations. A 1973 NIE concluded that Allende had kept lines open to Washington on possible Chilean compensation for expropriated U.S. copper companies.

C. ALLENDE'S RELATIONS WITH SOCIALIST COUNTRIES

The 1969 Chile NIE predicted that any new administration would explore somewhat broader relations with communist and socialist countries. The NIE noted that Allende, in particular, would take such steps but that even he would be deterred from moving too far in this direction due to a Chilean nationalism which would as strongly oppose subordinating Chile to the tutelage of Moscow or Havana as to Washington. Allende did, over the years, expand Chile's relations with socialist and communist countries. However, Allende was, as a 1971 NIE stated, careful not to subordinate Chilean interests to any communist or socialist power or to break existing ties with non-communist nations on whom he continued to rely for aid. Chile NIEs in 1971 and 1972 emphasized that Allende was charting an independent, nationalistic course, both within the hemisphere and internationally. Allende was, in short, committed to a policy of non-alignment.

D. ALLENDE'S TIES WITH CUBA

The 1970 NIE on Chile predicted that Allende would recognize Cuba. He did so, shortly after he was inaugurated. However, the pattern of Chilean-Cuban relations was described in a 1971 NIE as one of ideological distance and closer economic ties. The NIE stated that despite Allende's long-standing personal relationship with Castro, he had refrained from excessive overtures to him. A 1972 NIE noted that Havana had been circumspect about trying to use Chile as a base for promoting revolution throughout Latin America.

E. SOVIET INFLUENCE IN CHILE

Concern about the expansion of Soviet influence in Chile under Allende and the possible establishment of a major Soviet military presence was expressed in 1970. A 1971 NIE predicted that although the Soviet Union would continue to cultivate channels of influence into Allende's government through the Chilean Communist Party, it would probably be unsure of its ability to make a decisive impact on key

issues given Allende's desire for an independent posture. The same NIE noted that neither Allende nor the Chilean military establishment would probably tolerate a permanent Soviet military presence in Chile. A 1972 Chile NIE focused on the Soviet attitude to the Allende regime and noted that Soviet overtures to Allende had thus far been characterized by caution and restraint. This was, in part, due to Soviet reluctance to antagonize the U.S. and, more importantly, a Soviet desire to avoid with Allende the type of open-ended commitment for aid that they had entered into with Castro. A 1972 Intelligence Note, prepared by the State Department, stated that a Soviet-Chilean communique, issued following Allende's December visit to the USSR, reflected Moscow's decision to continue a cautious policy toward Chile and to avoid a major open-ended commitment of aid to Allende. According to the Intelligence Note, the Soviets apparently advised Allende to negotiate his differences with the U.S.

F. CHILE AS A BASE FOR LATIN AMERICAN SUBVERSION

Prior to Allende's election, concern was expressed about Chilean subversion in other countries. An Intelligence Memorandum, prepared by the CIA and issued shortly after Allende's September 4 plurality victory, stated that Chile had long been a relatively open country for extreme leftists and would become even more so under Allende. The Memorandum noted, however, that Allende would be cautious in providing assistance to extremists for fear of provoking a military reaction in his own country. The Memorandum went on to observe that the degree to which revolutionary groups would be allowed to use Chile as a base of operations would be limited to some extent by the orthodox Communist Party in Chile which opposed violence-prone groups. A State Department Intelligence Note, prepared in June 1971, stated that, contrary to some earlier indications that Allende might provide clandestine assistance to neighboring insurgency movements, evidence to date suggested that he had been sensitive to the concerns of neighboring governments and had sought to avoid action which would strain bilateral relations. The Intelligence Note stated that Chile had warned Argentine and Mexican expatriates that they could reside in Chile only if they did not engage in political activities and that some of the more politically active Brazilian exiles had been encouraged to depart Chile. The Note concluded by predicting that it was unlikely that Allende would provide financial support or training to facilitate the export of insurgency. A 1972 NIE stated that Allende had gone to great lengths to convince his Latin American neighbors that he did not share Castro's revolutionary goals; although some revolutionaries in Chile had received arms and funds from extremists in Allende's political coalition, this had probably not occurred at his behest.

G. THREAT ASSESSMENT

The most direct statement concerning the threat an Allende regime would pose to the United States was contained in a CIA Intelligence Memorandum, issued shortly after Allende's September 4 election victory. The Memorandum summarized the views of the Interdepartmental Group for Inter-American Affairs, which prepared the re-

response to National Security Study Memorandum 97. The Group, made up of officials representing CIA, State, Defense, and the White House, concluded that the United States had no vital interests within Chile, the world military balance of power would not be significantly altered by an Allende regime, and an Allende victory in Chile would not pose any likely threat to the peace of the region. The Group noted, however, that an Allende victory would threaten hemispheric cohesion and would represent a psychological setback to the U.S. as well as a definite advance for the Marxist idea.

2. Estimates and Covert Action

As a result of this look at the Chile estimates, a number of comments can be made concerning them and their relation to decisions about covert action:

(a) Despite the view expressed by the Interdepartmental Group, and reported in a CIA Intelligence Memorandum, that the U.S. had no vital national interest in Chile, the decision was made by the Executive Branch to intervene in that nation's internal political and economic affairs, before the election, between it and the congressional vote and during Allende's tenure in office.

It appears that the Chile NIEs were either, at best, selectively used or, at worst, disregarded by policy makers when the time came to make decisions regarding U.S. covert involvement in Chile. 40 Committee decisions regarding Chile reflected greater concern about the internal and international consequences of an Allende government than was reflected in the intelligence estimates. At the same time as the Chile NIEs were becoming less shrill, the 40 Committee authorized greater amounts of money for covert operations in Chile. The amounts authorized by the 40 Committee rose from \$1.5 million in 1970 to \$3.6 million in 1971, \$2.5 million in 1972, and, during the first eight months of 1973, \$1.2 million. Covert action decisions were not, in short, entirely consistent with intelligence estimates.

(b) As noted, NIEs are designed to provide economic and political assessments and an analysis of trends. As such, they are vulnerable to being interpreted by policymakers to support whatever conclusions the policymakers wish to draw from them. The estimates do, however, serve to narrow the range of uncertainty about future events in Chile, and thus narrow the range of justifiable U.S. policies. But a range remained.

For example, a 1971 estimate stated that, on the one hand, Allende was moving skillfully and confidently toward his declared goal of building a revolutionary nationalistic, socialist society on Marxist principles, but, on the other hand, the consolidation of the Marxist political leadership in Chile was not inevitable, and Allende had a long, hard way to go to achieve this. As a further example, a 1973 NIE which addressed the possibility of enhanced Soviet influence in Chile stated that the Soviets were interested both in increasing their influence in South America and in Allende's successful coalition of leftist parties as a model for a Marxist revolution through election. Yet, the estimate went on to say that the Soviets did not want another Cuba on their hands and they were reluctant to antagonize the U.S.

(c) The Committee has determined that the analysts responsible for drawing up the Chile NIEs were not privy to information concerning covert operations approved by the 40 Committee and being implemented in Chile by the CIA operators. The explanation for this is CIA compartmentation. Analysts and operators often exist in separate worlds. Information available to the Operations Directorate is not always available to the Intelligence Directorate. As a result, those who were responsible for preparing NIEs on Chile appear not to have had access to certain information which could have added to, or substantially revised, their assessments and predictions. That flaw was telling. It meant, for example, that the 1972 assessment of the durability of opposition sectors was written without knowledge of covert American funding of precisely those sectors. Thus, there was no estimate of whether those sectors would survive *absent* U.S. money.

C. CONGRESSIONAL OVERSIGHT

With regard to covert action in Chile between April 1964 and December 1974, CIA's consultation with its Congressional oversight committees—and thus Congress' exercise of its oversight function—was inadequate. The CIA did not volunteer detailed information; Congress most often did not seek it.

Beginning in 1973, numerous public allegations were made concerning activities undertaken by the CIA in Chile. In response, Congress began to assume greater control in the exercise of its oversight function—which it had badly neglected in the past—both in the number and depth of consultations with the Central Intelligence Agency. Prior to 1973 there were twenty meetings between Congressional committees and the CIA regarding Chile; these meetings were held with the House and Senate Armed Services and Appropriation Committees in their Intelligence Subcommittees. From March 1973 to December 1974 there were thirteen meetings held not only with these Committees, but also before the Senate Foreign Relations Subcommittee on Multinational Corporations and the House Foreign Affairs Subcommittee on Inter-American Affairs.

Based on CIA records, there were a total of fifty-three CIA Congressional briefings on Chile between 1964 and 1974. At thirty-one of these meetings, there was some discussion of covert action; special releases of funds for covert action were discussed at twenty-three of them. After January 1973 these briefings were concerned with past CIA covert activity. From information currently in the possession of the Committee and public sources, several tentative conclusions emerge: on several important occasions the CIA did not report on covert action until quite long after the fact; and in one case—Track II—it omitted discussion of an important, closely held operation, but one whose outcome reverberated on the foreign policy of the United States and carried implications for domestic affairs as well.

Of the thirty-three covert action projects undertaken in Chile with 40 Committee approval during the period 1963–1974, Congress was briefed in some fashion on eight.³ Presumably the twenty-five others were undertaken without Congressional consultation. These twenty-

³ Under section 622 of the Foreign Assistance Act of 1974, the Director of Central Intelligence is required to notify six Congressional oversight committees of *every* 40 Committee approval once the President has issued a finding that the project is necessary for the national security of the United States.

five projects included: the \$102 million authorization in 1971, half of which was spent to purchase radio stations and newspapers while the other half went to support municipal candidates and anti-Allende political parties; and the additional expenditure of \$815,000 in late 1971 to provide support to opposition parties.

Of the total of over thirteen million dollars actually spent by the CIA on covert action operations in Chile between 1963 and 1974, Congress received some kind of briefing (sometimes before, sometimes after the fact) on projects totaling about 7.1 million dollars. Further, Congressional oversight committees were not consulted about projects which were not reviewed by the full 40 Committee. One of these was the Track II attempt to foment a military coup in 1970. The other—a later CIA project involving contacts with Chilean military officers—was an intelligence collection project and thus did not come before the 40 Committee, even though in this instance the political importance of the project was clear.

V. Preliminary Conclusions

Underlying all discussion of American interference in the internal affairs of Chile is the basic question of why the United States initially mounted such an extensive covert action program in Chile—and why it continued, and even expanded, in the early 1970s.

Covert action has been a key element of U.S. foreign policy toward Chile. The link between covert action and foreign policy was obvious throughout the decade between 1964 and 1974. In 1964, the United States commitment to democratic reform via the Alliance for Progress and overt foreign aid was buttressed via covert support for the election of the candidate of the Christian Democratic party, a candidate and a party for which the Alliance seemed tailor made. During 1970 the U.S. Government tried, covertly, to prevent Allende from becoming President of Chile. When that failed, covert support to his opposition formed one of a triad of official actions: covert aid to opposition forces, “cool but correct” diplomatic posture, and economic pressure. From support of what the United States considered to be democratic and progressive forces in Chile we had moved finally to advocating and encouraging the overthrow of a democratically elected government.

A. COVERT ACTION AND U.S. FOREIGN POLICY

In 1964, the United States became massively involved in covert activity in Chile. This involvement was seen by U.S. policy-makers as consistent with overall American foreign policy and the goals of the Alliance for Progress. The election of a moderate left candidate in Chile was a cornerstone of U.S. policy toward Latin America.

It is unclear from the record whether the 1964 election project was intended to be a one-time intervention in support of a good cause. It is clear that the scale of the involvement generated commitments and expectations on both sides. For the United States, it created assets and channels of funding which could be used again. For the Chilean groups receiving CIA funds, that funding became an expectation, counted upon. Thus, when opposition to Allende became the primary objective of covert action in 1970, the structure for covert action developed through covert assistance to political parties in 1964 was well established.

A fundamental question raised by the pattern of U.S. covert activities persists: *Did the threat to vital U.S. national security interests posed by the Presidency of Salvador Allende justify the several major covert attempts to prevent his accession to power?* Three American Presidents and their senior advisors evidently thought so.

One rationale for covert intervention in Chilean politics was spelled out by Henry Kissinger in his background briefing to the press on September 16, 1970, the day after Nixon's meeting with Helms. He argued that an Allende victory would be irreversible within Chile, might affect neighboring nations and would pose “massive problems” for the U.S. in Latin America:

I have yet to meet somebody who firmly believes that if Allende wins, there is likely to be another free election Chile. . . . Now it is fairly easy for one to predict that if Allende wins, there is a good chance that he will establish over a period of years some sort of communist government. In that case, we would have one not on an island off the coast (Cuba) which has not a traditional relationship and impact on Latin America, but in a major Latin American country you would have a communist government, joining, for example, Argentine . . . Peru . . . and Bolivia. . . . So I don't think we should delude ourselves on an Allende takeover and Chile would not present massive problems for us, and for democratic forces and for pro-U.S. forces in Latin America, and indeed to the whole Western Hemisphere.

Another rationale for U.S. involvement in the internal affairs of Chile was offered by a high-ranking official who testified before the Committee. He spoke of Chile's position in a worldwide strategic chess game in 1970. In this analogy, Portugal might be a bishop, Chile a couple of pawns, perhaps more. In the worldwide strategic chess game, once a position was lost, a series of consequences followed. U.S. enemies would proceed to exploit the new opportunity, and our ability to cope with the challenge would be limited by any American loss.

B. EXECUTIVE COMMAND AND CONTROL OF MAJOR COVERT ACTION

In pursuing the Chilean chess game, particularly the efforts to prevent Allende's accession to power or his maintaining power once elected, Executive command and control of major covert action was tight and well directed. Procedures within the CIA for controlling the programs were well defined and the procedures made Station officials accountable to their supervisors in Washington. Unilateral actions on the part of the Station were virtually impossible.

But the central issue of command and control is *accountability*: procedures for insuring that covert actions are and remain accountable both to the senior political and foreign policy officials of the Executive Branch and to the Congress.

The record of covert activities in Chile suggests that, although established executive processes of authorization and control were generally adhered to, there were—and remain—genuine shortcomings to these processes:

Decisions about *which* covert action projects are submitted to the 40 Committee were and are made within the CIA on the basis of the Agency's determination of the political sensitivity of a project.

The form in which covert action projects were cleared with Ambassadors and other State Department officials varied. It depended—and still depends—on how interested Ambassadors are and how forthcoming their Station Chiefs are.

Once major projects are approved by the 40 Committee, they often continue without searching re-examination by the Committee. The Agency conducts annual reviews of on-going projects, but the 40 Committee does not undertake a review unless a project is recommended for renewal, or there is some important change in content or amount.

There is also the problem of controlling clandestine projects not labeled "covert action." Clandestine collection of human intelligence

is *not* the subject of 40 Committee review. But those projects may be just as politically sensitive as a "covert action"; witness U.S. contacts with the Chilean military during 1970-73. Similarly, for security reasons, ambassadors generally know CIA assets only by general description, not by name. That practice may be acceptable, provided the description is detailed enough to inform the ambassador of the risk posed by the development of a particular assets and to allow the ambassador to decide whether or not that asset should be used.

There remains the question of the dangers which arise when the very mechanisms established by the Executive Branch for insuring internal accountability are circumvented or frustrated.

By Presidential instruction, Track II was to be operated without informing the U.S. Ambassador in Santiago, the State Department, or any 40 Committee member save Henry Kissinger. The President and his senior advisors thus denied themselves the Government's major sources of counsel about Chilean politics. And the Ambassador in Santiago was left in the position of having to deal with any adverse political spill-over from a project of which he was not informed.

The danger was greater still. Whatever the truth about communication between the CIA and the White House after October 15, 1970—an issue which is the subject of conflicting testimony—all participants agreed that Track II constituted a broad mandate to the CIA. The Agency was given to believe it had virtual *carte blanche* authority; moreover, it felt under extreme pressure to prevent Allende from coming to power, by military coup if necessary. It was given little guidance about what subsequent clearances it needed to obtain from the White House. Under these conditions, CIA consultation with the White House in advance of specific actions was less than meticulous.

C. THE ROLE OF CONGRESS

In the hands of Congress rests the responsibility for insuring that the Executive Branch is held to full political accountability for covert activities. The record on Chile is mixed and muted by its incompleteness.

CIA records note a number of briefings of Congressional committees about covert action in Chile. Those records, however, do not reveal the timeliness or the level of detail of these briefings. Indeed, the record suggests that the briefings were often after the fact and incomplete. The situation improved after 1973, apparently as Congressional committees became more persistent in the exercise of their oversight function. Furthermore, Sec. 662 of the Foreign Assistance Act should make it impossible for major projects to be operated without the appropriate Congressional committees being informed.

The record leaves unanswered a number of questions. These pertain both to how forthcoming the Agency was and how interested and persistent the Congressional committees were. Were members of Congress, for instance, given the opportunity to object to specific projects before the projects were implemented? Did they want to? There is also an issue of jurisdiction. CIA and State Department officials have taken the position that they are authorized to reveal Agency operations only to the appropriate oversight committees.

D. INTELLIGENCE JUDGMENTS AND COVERT OPERATIONS

A review of the intelligence judgments on Chile offered by U.S. analysts during the critical period from 1970–1973 has *not* established whether these judgments were taken into account when U.S. policy-makers formulated and approved U.S. covert operations. This examination of the relevant intelligence estimates and memoranda has established that the judgments of the analysts suggested caution and restraint while the political imperatives demanded action.

Even within the Central Intelligence Agency, processes for bringing considered judgments of intelligence analysts to bear on proposed covert actions were haphazard—and generally ineffective. This situation has improved; covert action proposals now regularly come before the Deputy Director for Intelligence and the appropriate National Intelligence Officer; but the operators still are separated from the intelligence analysts, those whose exclusive business it is to understand and predict foreign politics. For instance, the analysts who drafted the government's most prestigious intelligence analyses—NIEs—may not even have known of U.S. covert actions in Chile.

The Chilean experience does suggest that the Committee give serious consideration to the possibility that lodging the responsibility for national estimates *and* conduct of operational activities with the same person—the Director of Central Intelligence—creates an inherent conflict of interest and judgment.

F. EFFECTS OF MAJOR COVERT ACTION PROGRAMS

Covert Action programs as costly and as complex as several mounted by the United States in Chile are unlikely to remain covert. In Chile in 1964, there was simply too much unexplained money, too many leaflets, too many broadcasts. That the United States was involved in the election has been taken for granted in Latin America for many years.

The involvement in 1964 created a presumption in Chile and elsewhere in Latin America that the United States Government would again be involved in 1970. This made secrecy still harder to maintain, even though the CIA involvement was much smaller in 1970 than it had been in 1964.

When covert actions in Chile became public knowledge, the costs were obvious. The United States was seen, by its covert actions, to have contradicted not only its official declarations but its treaty commitments and principles of long standing. At the same time it was proclaiming a “low profile” in Latin American relations, the U.S. Government was seeking to foment a coup in Chile.

The costs of major covert ventures which are “blown” are clear enough. But there may be costs to pay even if the operations could remain secret for long periods of time. Some of these costs may accrue even within the calculus of covert operations: successes may turn to failures. Several officials from whom the Committee took testimony suggested that the poor showing of the Chilean Christian Democrats in 1970 was, in some part, attributable to previous American covert support. Of course there were many causes of that poor showing, but in 1964 the PDC had been spared the need of develop-

ing some of its own grass roots organization. The CIA did much of that for it. In 1970, with less CIA activity on behalf of the Christian Democratic Party, the PDC faltered.

Of course, the more important costs, even of covert actions which remain secret, are those to American ideals of relations among nations and of constitutional government. In the case of Chile, some of those costs were far from abstract: witness the involvement of United States military officers in the Track II attempt to overthrow a constitutionally-elected civilian government.

There are also long-term effects of covert actions. Many of those may be adverse. They touch American as well as foreign institutions.

The Chilean institutions that the United States most favored may have been discredited within their own societies by the fact of their covert support. In Latin America particularly, even the suspicion of CIA support may be the kiss of death. It would be the final irony of a decade of covert action in Chile if that action destroyed the credibility of the Chilean Christian Democrats.

The effects on American institutions are less obvious but no less important. U.S. private and governmental institutions with overt, legitimate purposes of their own may have been discredited by the pervasiveness of covert action. Even if particular institutions were not involved in covert action, they may have been corrupted in the perception of Latin Americans because of the pervasiveness of clandestine U.S. activity.

In the end, the whole of U.S. policy making may be affected. The availability of an "extra" means may alter officials' assessment of the costs and rationales of overt policies. It may postpone the day when outmoded policies are abandoned and new ones adopted. Arguably, the 1964 election project was part of a "progressive" approach to Chile. The project was justified, if perhaps not actually sustained, by the desire to elect democratic reformers. By 1970, covert action had become completely defensive in character: to prevent the election of Allende. The United States professed a "low profile" but at the same time acted covertly to ensure that the Chilean elections came out right, "low profile" notwithstanding.

A special case for concern is the relationship between intelligence agencies and multinational corporations.

In 1970, U.S. Government policy prohibited covert CIA support to a single party or candidate. At the same time, the CIA provided advice to an American-based multinational corporation on how to furnish just such direct support. That raised all of the dangers of exposure, and eliminated many of the safeguards and controls normally present in exclusively CIA covert operations. There was the appearance of an improperly close relationship between the CIA and multinational companies when former Director John McCone used contacts and information gained while at the CIA to advise a corporation on whose Board of Directors he sat. This appearance was heightened because the contacts between the Agency and the corporation in 1970 extended to discussing and even planning corporate intervention in the Chilean electoral process.

The problem of cooperation is exacerbated when a cooperating company—such as ITT—is called to give testimony before an appropriate Congressional Committee. The Agency may then be confronted with

the question of whether to come forward to set the record straight when it believes that testimony given on behalf of a cooperating company is untrue. The situation is difficult, for in coming forward the Agency may reveal sensitive sources and methods by which it learned the facts or may make public the existence of ongoing covert operations.

This report does not attempt to offer a final judgment on the political propriety, the morality, or even the effectiveness of American covert activity in Chile. Did the threat posed by an Allende presidency justify covert American involvement in Chile? Did it justify the specific and unusual attempt to foment a military coup to deny Allende the presidency? In 1970, the U.S. sought to foster a military coup in Chile to prevent Allende's accession to power; yet after 1970 the government—according to the testimony of its officials—did not engage in coup plotting. Was 1970 a mistake, an aberration? Or was the threat posed to the national security interests of the United States so grave that the government was remiss in not seeking his downfall directly during 1970-73? What responsibility does the United States bear for the cruelty and political suppression that have become the hallmark of the present regime in Chile?

On these questions Committee members may differ. So may American citizens. Yet the Committee's mandate is less to judge the past than to recommend for the future. Moving from past cases to future guidelines, what is important to note is that covert action has been perceived as a middle ground between diplomatic representation and the overt use of military force. In the case of Chile, that middle ground may have been far too broad. Given the costs of covert action, it should be resorted to only to counter severe threats to the national security of the United States. It is far from clear that that was the case in Chile.

Appendix

CHRONOLOGY: CHILE 1962-1975¹

1962

Special Group approves \$50,000 to strengthen Christian Democratic Party (PDC); subsequently approves an additional \$180,000 to strengthen PDC and its leader, Eduardo Frei.

1963

Special Group approves \$20,000 for a leader of the Radical Party (PR); later approves an additional \$30,000 to support PR candidates in April municipal elections.

April 8

Municipal election results show PDC has replaced PR as Chile's largest party.

1964

April

Special Group approves \$3,000,000 to ensure election of PDC candidate Eduardo Frei.

May

Special Group approves \$160,000 to support PDC slum dwellers and peasant organizations.

September 4

Eduardo Frei elected President with 55.7 percent of the vote.

October 2

Ralph A. Dungan appointed U.S. Ambassador to Chile.

1965

303 Committee approves \$175,000 to assist selected candidates in Congressional elections.

March 7

PDC wins absolute majority in Chamber of Deputies; becomes largest party in Senate.

November 15

Salvador Allende, in an interview reported in the *New York Times*, suggests the U.S. was among certain "outside forces" that had caused his defeat in the 1964 presidential election.

1967

June 16

Edward M. Korry replaces Ralph A. Dungan as U.S. Ambassador to Chile.

303 Committee approves \$30,000 to strengthen a faction of the Radical Party.

1968

July 12

303 Committee approves \$350,000 to assist selected candidates in March 1969 congressional elections.

1969

March 1

Congressional elections reflect an increase in support for the National Party and a resulting loss in Christian Democratic strength.

April 15

At a meeting of the 303 Committee the question is raised as to whether anything should be done with regard to the September 1970 Presidential election in Chile. The CIA representative pointed out that an election operation would not be effective unless an early enough start was made.

¹ U.S. actions are italicized throughout.

1969—Continued

- October 21 Army units stationed at Tacna, Chile, revolt, ostensibly for the purposes of dramatizing the military's demand for higher pay. The revolt, engineered by General Roberto Viaux, is widely interpreted as an abortive coup.
- 1970
- March 25 40 Committee approves \$125,000 for a "spoiling operation" against Allende's Popular Unity coalition (UP).
- June The possibility of an Allende victory in Chile is raised at an ITT Board of Directors meeting. John McCone, former CIA Director and, at the time, a consultant to the Agency and a Director of ITT, subsequently holds a number of conversations regarding Chile with Richard Helms, the current CIA Director.
- June 27 40 Committee approves \$300,000 for additional anti-Allende propaganda operations.
- July 16 John McCone arranges for William Broe (CIA) to talk with Harold Geneen (ITT). Broe tells Geneen that CIA cannot disburse ITT funds but promises to advise ITT on how to channel its own funds. ITT later passes \$350,000 to the Alessandri campaign through an intermediary.
- August 18 National Security Study Memorandum (NSSM) 97 is reviewed by the Interdepartmental Group; the Group considers options ranging from efforts to forge amicable relations with Allende to opposition to him.
- September 4 Salvador Allende wins 36.3 percent of the vote in the Presidential election. Final outcome is dependent on October 24 vote in Congress between Allende and the runner-up, Jorge Alessandri, who received 35.3 percent of the vote. Allende's margin of victory was 39,000 votes out of a total of 3,000,000 votes cast in the election.
- September 8, 14 40 Committee discusses Chilean situation. The Committee approves \$250,000 for the use of Ambassador Korry to influence the October 24 Congressional vote.
- September 9 Harold Geneen, ITT's Chief Executive Officer, tells John McCone at an ITT Board of Directors meeting in New York that he is prepared to put up as much as \$1 million for the purpose of assisting any government plan designed to form a coalition in the Chilean Congress to stop Allende. McCone agrees to communicate this proposal to high Washington officials and meets several days later with Henry Kissinger and Richard Helms. McCone does not receive a response from either man.
- September 15 President Nixon instructs CIA Director Helms to prevent Allende's accession to office. The CIA is to play a direct role in organizing a military coup d'etat. This involvement comes to be known as Track II.
- September 16 At an off-the-record White House press briefing, Henry Kissinger warns that the election of Allende would be irreversible, might affect neighboring nations, and would pose "massive problems" for the U.S. and Latin America.
- September 29 A CIA official, at the instruction of Richard Helms, meets with a representative of ITT. The CIA officer proposes a plan to accelerate economic disorder in Chile. ITT rejects the proposal.

1970—Continued

- October
CIA contacts Chilean military conspirators; following a White House meeting, CIA attempts to defuse plot by retired General Viaux, but still to generate maximum pressure to overthrow Allende by coup; CIA provides tear gas grenades and three submachine guns to conspirators.
- ITT submits to White House an 18-point plan designed to assure that Allende "does not get through the crucial next six months." The ITT proposal is rejected.
- October 14
40 Committee approves \$60,000 for Ambassador Korry's proposal to purchase a radio station. The money is never spent.
- October 22
After two unsuccessful abduction attempts on October 19 and 20, a third attempt to kidnap Chilean Army General René Schneider results in his being fatally shot.
- October 24
The Chilean Congress votes 153 to 35 in favor of Allende over Alessandri.
- November 3
Allende is formally inaugurated President of Chile.
- November 13
40 Committee approves \$25,000 for support of Christian Democratic candidates.
- November 19
40 Committee approves \$725,000 for a covert action program in Chile. Approval is later superseded by January 28, 1971, authorization.
- December 21
President Allende proposes a constitutional amendment establishing state control of the large mines and authorizing expropriation of all foreign firms working them.
- 1971
- January 28
40 Committee approves \$1,240,000 for the purchase of radio stations and newspapers and to support municipal candidates and other political activities of anti-Allende parties.
- February 25
In his annual State of the World message, President Nixon states, "We are prepared to have the kind of relationship with the Chilean government that it is prepared to have with us."
- March 22
40 Committee approves \$185,000 additional support for the Christian Democratic Party (PDC).
- April 4
Allende's Popular Unity (UP) coalition garners 49.7 percent of the vote in 280 municipal elections.
- May 10
40 Committee approves \$77,000 for purchase of a press for the Christian Democratic Party newspaper. The press is not obtained and the funds are used to support the paper.
- May 20
40 Committee approves \$100,000 for emergency aid to the Christian Democratic Party to meet short-term debts.
- May 26
40 Committee approves \$150,000 for additional aid to Christian Democratic Party to meet debts.
- July 6
40 Committee approves \$150,000 for support of opposition candidates in a Chilean by-election.
- July 11
In a joint session of the Chilean Congress, a constitutional amendment is unanimously approved permitting the nationalization of the copper industry. The amendment provides for compensation to copper companies within 30 years at not less than 3 percent interest.
- August 11
The Export-Import Bank denies a Chilean request for \$21 million in loans and loan guarantees needed to purchase three jets for the national LAN-Chile airline.

1971—Continued

- September 9 40 Committee approves \$700,000 for support to the major Santiago newspaper, *El Mercurio*.
- September 28 President Allende announces that "excess profits" will be deducted from compensation to be paid to nationalized copper companies.
- September 29 The Chilean government assumes operation of the Chilean telephone company (CHITELCO). ITT had owned 70 percent interest in the company since 1930.
- September 29 Nathaniel Davis replaces Edward Korry as U.S. Ambassador to Chile.
- November 5 40 Committee approves \$815,000 support to opposition parties and to induce a split in the Popular Unity coalition.
- December 1 The Christian Democratic and National Parties organize the "March of the Empty Pots" by women to protest food shortages.
- December 15 40 Committee approves \$160,000 to support two opposition candidates in January 1972 by-elections.

1972

- January 19 President Nixon issues a statement to clarify U.S. policy toward foreign expropriation of American interests. The President states that the United States expects compensation to be "prompt, adequate, and effective." The President warns that should compensation not be reasonable, new bilateral economic aid to the expropriating country might be terminated and the U.S. would withhold its support from loans under consideration in multilateral development banks.
- April 11 40 Committee approves \$965,000 for additional support to *El Mercurio*.
- April 24 40 Committee approves \$50,000 for an effort to splinter the Popular Unity coalition.
- May 12 President Allende submits a constitutional amendment to the Chilean Congress for the expropriation of ITT's holdings in the Chilean telephone company.
- June 16 40 Committee approves \$46,500 to support a candidate in a Chilean by-election.
- August 21 Allende declares a state of emergency in Santiago province after violence grows out of a one-day strike by most of the capital's shopkeepers.
- September 21 40 Committee approves \$24,000 to support an anti-Allende businessmen's organization.
- October 10 The Confederation of Truck Owners calls a nationwide strike.
- October 26 40 Committee approves \$1,427,666 to support opposition political parties and private sector organizations in anticipation of March 1973 Congressional elections.
- December 4 Speaking before the General Assembly of the United Nations, President Allende charges that Chile has been the "victim of serious aggression" and adds, "we have felt the effects of a large-scale external pressure against us."

1973

- February 12 40 Committee approves \$200,000 to support opposition political parties in the Congressional elections.
- March 4 In the Congressional elections, Allende's Popular Unity coalition wins 43.4 percent of the vote.
- March 22 Talks between the U.S. and Chile on political and financial problems end in an impasse.

1973—Continued

- June 5 Chile suspends its foreign shipments of copper as miners' strikes continue.
- June 20 Thousands of physicians, teachers, and students go on strike to protest Allende's handling of the 63-day copper workers' strike.
- June 21 Gunfire, bombings, and fighting erupt as government opponents and supporters carry out a massive strike. The opposition newspaper, *El Mercurio*, is closed by court order for six days following a government charge that it had incited subversion. The following day an appeals court invalidates the closure order.
- June 29 Rebel forces seize control of the downtown area of Santiago and attack the Defense Ministry and the Presidential Palace before troops loyal to the government surround them and force them to surrender. This is the first military attempt to overthrow an elected Chilean government in 42 years.
- July 26 Truck owners throughout Chile go on strike.
- August 2 The owners of more than 110,000 buses and taxis go on strike.
- August 20 *40 Committee approves \$1 million to support opposition political parties and private sector organizations. This money is not spent.*
- August 23 General Carlos Prats Gonzalez resigns as Allende's Defense Minister and Army Commander. General Pinochet Ugarte is named Army Commander on August 24. Prats' resignation is interpreted as a severe blow to Allende.
- August 27 Chile's shop owners call another anti-government strike.
- September 4 An estimated 100,000 supporters of Allende's government march in the streets of Santiago to celebrate the third anniversary of his election. The Confederation of Professional Employees begins an indefinite work stoppage.
- September 11 The Chilean military overthrows the government of Salvador Allende. Allende dies during the takeover, reportedly by suicide.
- September 13 The new military government names Army Commander Pinochet President and dissolves Congress.
- September-October The Junta declares all Marxist political parties illegal and places all other parties in indefinite recess. Press censorship is established, as are detention facilities for opponents of the new regime. Thousands of casualties are reported, including summary executions.
- October 15 *40 Committee approves \$34,000 for an anti-Allende radio station and travel costs of pro-Junta spokesmen.*

1974

- June 24 *40 Committee approves \$50,000 for political commitments made to the Christian Democratic Party before the coup.*
- September 16 *President Ford acknowledges covert operations in Chile.*
- October 25 The Inter-American Commission on Human Rights of the O.A.S. reports "grievous violations of human rights" in Chile.
- December 30 *U.S. military aid is cut off.*

1975

- June 20 Pinochet declares there "will be no elections in Chile during my lifetime nor in the lifetime of my successor."
- July 4 Chile refuses to allow the U.N. Commission on Human Rights to enter the country.
- October 7 The U.N. Commission on Human Rights reports "with profound disgust" the use of torture as a matter of policy and other serious violations of human rights in Chile.

Portions of the above chronology of events in Chile were extracted from chronologies prepared by the Congressional Research Service ("Chile, 1960-70: A Chronology"; "Chile Since the Election of Salvador Allende: A Chronology"; "Developments in Chile, March 1973 to the Overthrow of the Allende Government") and from material contained in the June 21, 1973, report of the Senate Foreign Relations Subcommittee on Multinational Corporations entitled "ITT and Chile."

