

1378

Passed to State
on 28 Feb 73

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SUBJECT: El Mercurio

I. Summary of 40 Committee Papers and Discussions

A. In early September 1971 Ambassador Korry and the Santiago Station recommended that covert financial support in the amount of one million dollars be provided to El Mercurio, the largest independent newspaper in Chile, which was being subjected to political and economic pressures by the Allende Government. A memorandum was prepared for the 40 Committee which described the pressures being exerted by the government and presented two options for consideration. The first option would require financing of the newspaper in the amount of one million dollars, including an immediate initial commitment of at least \$700,000

[REDACTED]

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[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] The upshot was that, on 13 September 1971, \$700,000 was authorized to keep El Mercurio in business. Additionally, with Dr. Kissinger's approval, \$300,000 more was made available and expended primarily in the period just prior to the 16 January elections.

B. In view of the decision to provide financial assistance to El Mercurio, the 40 Committee was informed of the results of the 21-29 October meeting of the Inter-American Press Association (IAPA) in Chicago at which the El Mercurio problem and the overall issue of the freedom of the press in Chile were among the main topics of discussion.

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

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[REDACTED]
[REDACTED]
C. Minutes of subsequent 40 Committee meetings on Chile do not include any mention of El Mercurio.

II. Funding of El Mercurio

En toto, one million dollars has been passed to El Mercurio.

The exchange rate obtained was 67 escudos to the dollar, making a total of 67 million escudos. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] El Mercurio was publishing almost daily editorials criticizing the Allende Government and that in recent weeks the paper had been guiding and acting as a rallying point for the opposition on such important issues as the University of Chile crisis, the government plan to nationalize the paper industry, the government "three areas" bill, the "camara unica" issue, and the women's march. [REDACTED]

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