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MEMORANDUM FOR: Associate Deputy Director for Operations

VIA: [REDACTED]

SUBJECT: Project [REDACTED] Request for Amendment No. 1
for FY 1974

1. [REDACTED], the Santiago Station's propaganda project, was renewed for FY 1974 for [REDACTED] on 4 April 1973. The project, which used a variety of propaganda mechanisms to inform the Chilean and foreign public of the Allende government's efforts to impose a Marxist totalitarian government, played a significant role in setting the stage for the military coup of 11 September 1973. Prior to the coup the project's media outlets maintained a steady barrage of anti-government criticism, exploiting every possible point of friction between the government and the democratic opposition, and emphasizing the problems and conflicts which were developing between the government and the armed forces. Since the coup, these media outlets have supported the new military government. They have tried 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.

[REDACTED]

2. As a result of the overthrow of the Allende government, the [REDACTED] operation has had to adapt to the new situation, and has undergone some important changes. It was mutually agreed with the [REDACTED] to terminate a number of activities [REDACTED]

[REDACTED]

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[REDACTED]

3. Despite this drastic cutback in project activities, the cost of the project has risen significantly as a result of a drop in the dollar/escudo exchange rate from approximately 2500 escudos to one dollar in early September 1973 to the late November 1973 rate, of 780 to one. The station as well as the Embassy believe that the dollar rate is likely to drop even further, to about 650 to one, in the next few months. In addition to the increasing value of the escudo in relation to the dollar, the government's decision to allow prices to seek their "true" level has increased publication costs about 255% in the past three months.

4. [REDACTED] the [REDACTED] Project provides the Station with access to [REDACTED]

[REDACTED] The project is therefore essential in enabling the Station to help mold Chilean public opinion in support of the new government and to influence the government through pressures exerted by mass media.

[REDACTED]

5. [REDACTED]

6. It is, therefore, requested that Project [REDACTED] be amended for an additional [REDACTED] for FY 1974, raising the total project authorization for FY 1974 to [REDACTED]. A financial breakdown of [REDACTED] Project costs for 1 July

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through 30 September 1973, and the projected costs for
1 October 1973 through 30 June 1974, are provided in
Attachment A.

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