

# WITHDRAWAL SHEET

## Ronald Reagan Library

**Collection Name** LATIN AMERICAN AFFAIRS DIRECTORATE, NSC:  
RECORDS

**Withdrawer**

DLB 1/31/2005

**File Folder** CHILE-1987 (10/22/1987-12/22/1987) [ACTION ITEMS]

**FOIA**

F95-028/5

**Box Number** 92386

KOMISAR

42

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
3635	MEMO	FRANK CARLUCCI TO REAGAN, RE: CHILE <b>PAR 9/23/2016 S7580/1</b>	5	ND	B1
3636	PAPER	PINOCHET'S ROLE.... <b>D 7/15/2008 F95-028/5; PAR S7580 9/23/2016</b>	6	5/1/1987	B1 B3
3637	MEMO	GEORGE SHULTZ TO REAGAN, RE: PINOCHET... <b>R 9/23/2016 S7580/1</b>	2	10/15/1987	B1
3638	MEMO	JOSE SORZANO TO COLIN POWELL, RE: CHILE WORLD BANK LOAN	1	11/19/1987	B1
3639	MEMO	JOSE SORZANO TO COLIN POWELL, RE; CHILE LOAN UPDATE	1	11/20/1987	B1
3640	MEMO	JOSE SORZANO, STEVE DANZANSKY TO COLIN POWELL, JOHN NEGROPONTE, RE; CHILE SAL UPDATE	1	12/8/1987	B1
3641	MEMO	DUPLICATE OF #3640	1	12/8/1987	B1
3642	MEMO	JOSE SORZANO TO COLIN POWELL, JOHN NEGROPONTE, RE: STATE SPEAKS FOR THE PRESIDENT ON CHILE WITHOUT AUTHORIZATION	1	12/21/1987	B1

Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA]

B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

B-3 Release would violate a Federal statute [(b)(3) of the FOIA]

B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]

B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]

B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]

B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]

B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

SECRET

System II  
91121

3635

THE WHITE HOUSE  
WASHINGTON

~~SECRET~~

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK C. CARLUCCI  
SUBJECT: Chile

Secretary Shultz has written to you in regard to Chile. His memo is attached at Tab B.

Shultz believes that our relationship with Chile will be "extremely difficult" over the next 12-18 months. He points to two negative developments:

- (1) The Secretary expects that Pinochet will succeed himself as President by manipulating Chile's constitutional system, continuing in power until 1997; and
- (2) A recent CIA report concludes that Pinochet personally ordered the assassination of Orlando Letelier in Washington in 1976 which also resulted in the coincidental death of American citizen Ronni Moffitt. The CIA report is attached at Tab A.

These two factors, Shultz says, necessarily affect our policy toward Chile as well as impact the framework within which our decisions are made. The Secretary does not specify further what he has in mind; he proposes to talk to you personally about the situation.

The situation in regard to Chile is as complicated as we face anywhere. For your information and background, you may wish to familiarize yourself with the issues that Secretary Shultz raises in his memo to you.

#### Letelier Assassination

In September 1976, former Chilean Foreign Minister in the Allende government, Orlando Letelier, was killed in Washington, D.C. by a bomb hidden under the seat of his car. The bomb also killed his research assistant Ronni Moffitt, an American citizen. Both Letelier and Moffett were associated with the Washington-based, leftist Institute for Policy Studies.

The USG investigation into the events surrounding this case began immediately after the bombing. As a result of the investigation, and at the request of the United States government, Michael Vernon

~~SECRET~~

Declassify on: OADR

SECRET

PARTIALLY DECLASSIFIED/RELEASED  
Authority RSOUDERS, NSC 4/26/00  
BY NET NARA DATE 9/23/16

Townley, a U.S. citizen who was an employee of the Chilean National Intelligence Agency (DINA), was expelled from Chile by the Chilean government in April 1978 and taken into custody. He later pleaded guilty to conspiracy to murder and was sentenced to up to ten years in prison. He also agreed to cooperate with law enforcement officials to bring other culpable individuals to justice.

On August 1, 1978, a federal grand jury in Washington, D.C. indicted three Chilean army officers, all DINA employees, including the Agency's Director. The U.S. formally requested their extradition. In October 1979, however, the Chilean authorities denied the U.S. request on the basis that information acquired as a result of plea-bargaining is not admissible in Chilean courts.

After five years of quiescence, this case was re-opened by the defection to the U.S. (at our instigation) of one of the indicted Chilean army officers--Major Armando Fernandez Larios. He offered no new evidence about the assassination itself, but revealed that Pinochet had tried to cover up the extent of GOC involvement in the case.

Renewed interest in the case prompted State to ask CIA for a review [REDACTED] on the subject. Agency analysts concluded that there was sufficient information, [REDACTED] to conclude that Pinochet personally ordered the murders and covered up the true facts of the crime. [REDACTED]

EO 13526  
3.3(b)(1)

### Pinochet Succession

According to the provisions of a 1980 constitution, a single-candidate plebiscite will occur sometime in the next eighteen months, to be followed a year later by a Congressional election. The electorate will have a choice of voting to support the candidate chosen by the governing junta, or to cast a "No" vote. If the negative votes constitute a majority, an election for President will be added to the multi-party election of a Congress a year later.

The three most likely scenarios are:

1. Pinochet will be nominated by the Governing Junta and elected to an eight-year term of office as a civilian president.
2. A compromise candidate acceptable to both the Armed Forces and the civilian opposition will be nominated and overwhelmingly elected.

3. The Junta's candidate (either Pinochet or somebody else) will be defeated and a competitive election will be scheduled for no later than a year from the date of the plebiscite.

Two basic schools of thought are emerging in the U.S. foreign policy establishment with regard to what will happen in Chile; its significance for the U.S.; and what, if anything, we should do about it. Both points of view recognize that a continuation of Pinochet in power beyond 1989 is not desirable. The essential difference between the two is one of tactics and timing: one argues that the U.S. must adopt, now, an assertive policy aimed at thwarting Pinochet's intentions, while the other says that it is not at all certain that Pinochet will prevail. The two approaches are summarized below.

#### The Assertive Option

Proponents of this view argue that a Pinochet victory is inevitable because he will manipulate or even defraud the process. Another eight years of Pinochet and his heavy-handedness will polarize the population, leading to violence and instability and creating conditions favorable to Chile's large, well organized Communist Party. Therefore, the U.S. should take measures now to inhibit Pinochet from continuing in power. Practically, the only instrument we have is to signal to the Chilean military and business community who support Pinochet that the U.S. will no longer acquiesce in Pinochet's permanence. Specifically, we could lend our active support to U.N. human rights resolutions condemning violations in Chile and vote against (and persuade others to do the same) GOC loan applications in international financial institutions. We could also withdraw access to GSP and OPIC/EXIM cover and discourage direct, private U.S. investment. Some would go so far as to prohibit copper imports from Chile and abrogate civil aviation agreements. It is argued that, if the Executive Branch does not take some or all of these actions, the Congress will legislatively mandate them.

#### The Cautious Option

Proponents of this alternative point to ongoing democratic reforms and human rights improvement, and argue that the situation in Chile is moving in the right direction. It questions the inevitability of Pinochet's nomination and argues that he may even lose the plebiscite leading to a free, competitive election. Authoritative public opinion polls show that Pinochet retains a core support of only 20 percent, and a clear majority of Chileans want a return to civilian democracy.

Therefore, for Pinochet to gain a majority vote will be difficult. The opposition merely has to unite--as they would surely do--to the extent that it opposes Pinochet and votes "No." In any case, there is not much the U.S. can do to prevent a Pinochet candidacy. In fact, because we are anxious that Pinochet not succeed himself, our policy should be careful not to help him by taking positions he can turn to advantage. To associate ourselves with hypocritical UNGA human rights resolutions would provide Pinochet with a popular nationalist rallying cry, as similarly would our opposition to Chile's loans in the World Bank. Additionally, economic sanctions would undermine Chile's exemplary free-market economic success, the very model we need to promote to serve a democratic transition. Importantly, we need to keep in mind the potential downsides of destabilizing Pinochet's regime. Chile's Communist Party is the second largest (after Italy) outside the Bloc countries. A most dangerous adversary, it is well organized, armed and fully supported by the Soviet Union and Cuba.

#### Other Issues

As we wrestle with the overall policy problem, two immediate issues will demand our attention:

UNGA Human Rights Resolution. The Latin American and Human Rights Bureaus of State want to work with selected European countries to table a reasonable balanced human rights resolution on Chile. Our purpose would be to keep the faith with the Chilean democratic opposition and to send a signal to Pinochet. But State's Bureau of International Organizations and our Mission to the United Nations believe that to achieve a balanced resolution in the General Assembly is an unrealistic goal. For domestic political reasons, the Europeans will not be able to agree on an objective draft resolution, and even if they could, it would ultimately be disfigured by amendments from the floor, or a competing resolution would be introduced under Mexican/Cuban sponsorship.

Structural Readjustment Loan in the World Bank. This is the third and final phase of a long-term adjustment program with the World Bank. Chile's economic policies meet with our wholehearted approval and, therefore, there is no reason to oppose this loan on grounds of economic conditionality. A World Bank compliance report will give Chile very high marks, perhaps singling the country out as the only developing country in Latin America to have achieved sustained economic growth as a result of

sound economic policies. Our opposition will clearly be perceived as "political," not "technical," undermining our own Baker Plan as the appropriate solution to the Latin American debt question, an issue Chile has been more successful in grappling with than any other country.

Comment

Clearly, Chile poses a real policy dilemma for us. And credible allegations of Pinochet's direct, personal involvement in the Letelier assassination deepen our anxiety about the nature of our relationship with the Government of Chile. While all elements of the USG are unanimous in believing that a return to democracy is highly desirable, there is no agreement as to what we can or should do to bring that about. The stakes in Chile are very high. Our actions and influence at the margin will be important in shaping Chile's future. We cannot afford to guess wrong. An effective interagency process, chaired by the NSC, is in place and will develop policy options for your consideration.

Attachments

Tab A        CIA report on Letelier Affair  
Tab B        Shultz memorandum for the President

7  
Prepared by:  
Kim Flower

EO 13526  
3.3(b)(1); 3.5(c)



Washington, D.C. 20505  
DIRECTORATE OF INTELLIGENCE

1 May 1987

Pinochet's Role in the Letelier Assassination and Subsequent Coverup

Summary

A review of our files on the Letelier assassination has provided what we regard as convincing evidence that President Pinochet personally ordered his intelligence chief to carry out the murder. These files also make clear that when the subsequent investigation by US authorities established that senior Chilean military and intelligence officers were responsible, Pinochet decided to stonewall on the case to hide his involvement and, ultimately, to protect his hold on the presidency. As the result of the recently revived US interest in the case, Pinochet is now seeking new ways to contain the potential threat to his political survival in the face of armed forces pressure to clear up the Letelier affair. In our view, however, none of the several options he apparently has considered--ordering a Chilean court trial for the culprits in the murder, blaming another Army officer for the coverup, or even the elimination of his former intelligence chief--is likely to protect Pinochet from any further embarrassing revelations that ensue. Moreover, they will be unable to satisfy the military's concern that Pinochet take effective steps to repair the damage already done to the armed forces' reputation.



\* \* \*

This typescript was prepared by [redacted] South American Division, Office of African and Latin American Analysis. It was coordinated with the Directorate of Operations. This typescript was requested by Mr. Robert Gelbard, Deputy Assistant Secretary, Department of State. Comments and queries are welcome and may be directed to the Chief, South America Division, ALA, on [redacted]

ALA M 87-20024X

Copy 3 of 9

CL BY: 195040

DECL: OADR

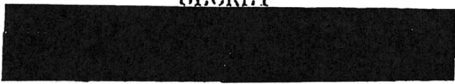
DRV FM: COL 4-82 OADR

PARTIALLY DECLASSIFIED/RELEASED

Authority 57580 # 3636

LAI NARADATE 9/23/16

SECRET



7

[REDACTED]

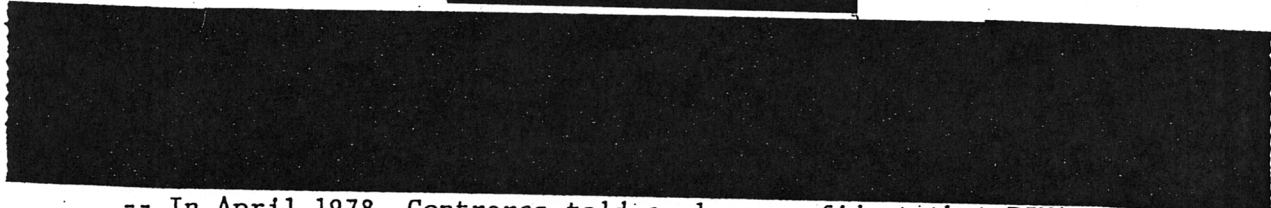
Recent revelations by Army Major Armando Fernandez Larios that senior Chilean military officers planned the assassination of former Foreign Minister Orlando Letelier in Washington in September 1976 have caused an uproar in Chile and revived speculation that President Pinochet himself ordered the killing. In his formal statement to a US court in February 1987, Fernandez Larios claimed that Pinochet tried to cover up the extent of Chilean government involvement in the assassination during an investigation conducted by the Chilean military in the mid-1970s and personally forbade him to leave the country. Fernandez Larios admitted, however, that he did not know if Pinochet was involved in planning the killing. [REDACTED]

To our knowledge, no credible reporting concerning Pinochet's role in the Letelier affair became available before mid-1978, when the US investigation was nearing completion and Chilean officials realized that Washington would indict three active duty officers and request their extradition to the US. In June 1978, the senior US intelligence officer in Santiago submitted a special appraisal of the Chilean government's strategy on the Letelier case. He reported that Pinochet moved quickly to limit the damage from the confession by Michael Townley--a dual citizen whom Santiago expelled to the US in response to charges by the Justice Department that he was one of the assassins--that put the onus for the crime directly on former Chilean intelligence (DINA) chief, retired Army General Manuel Contreras. According to the senior intelligence officer, Pinochet was determined to protect Contreras from prosecution for Letelier's murder because he knew that his own political survival depended on Contreras' fate. Therefore, the President decided to stonewall on all further US requests that might have helped solidify the case against Contreras and others implicated in Letelier's murder. He also made plans to ensure that the Chilean Supreme Court would reject requests for the extradition of Chileans in response to anticipated indictments in a US court. [REDACTED]

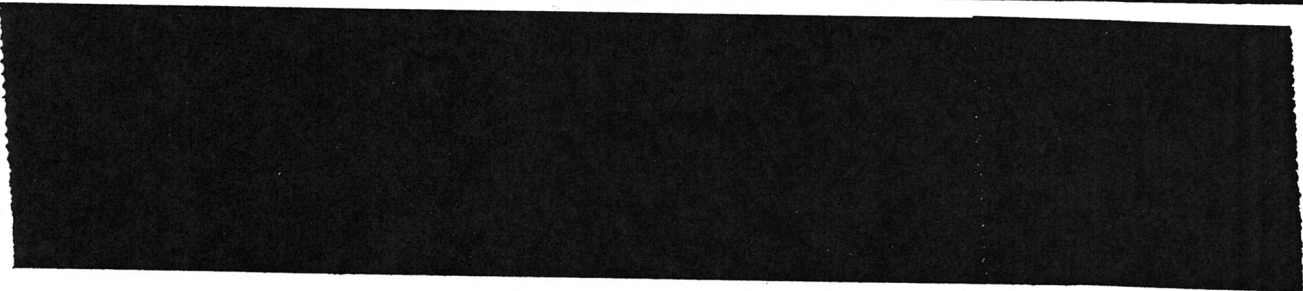
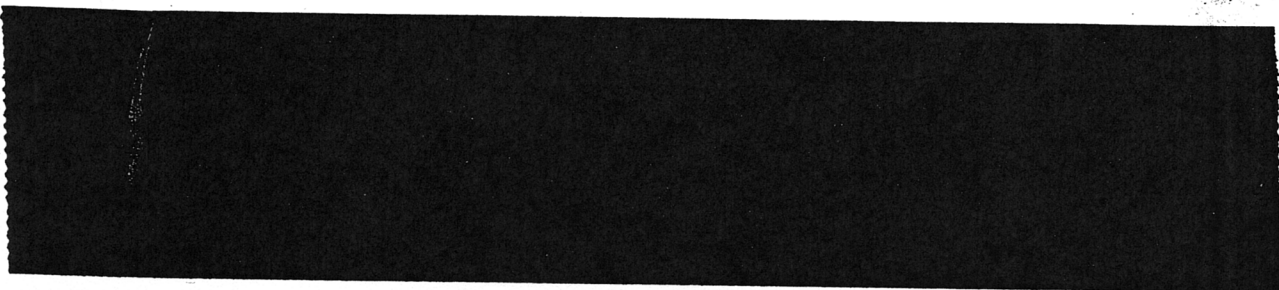
[REDACTED]

[REDACTED]

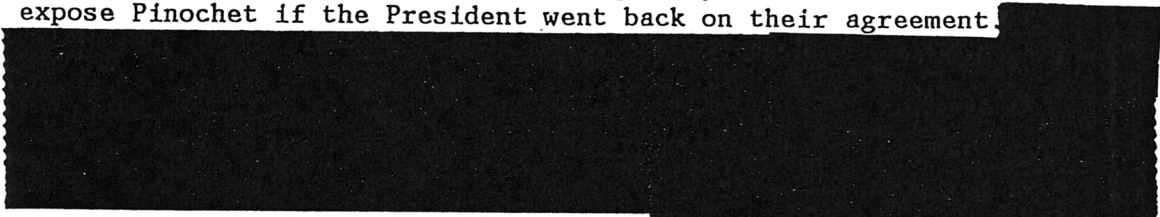




- In April 1978, Contreras told a close confidant that DINA was responsible for the assassination of Letelier, that he had authorized the killing on direct orders from Pinochet, and that he had admitted as much to Orozco.
- During the same month, Orozco stated that Pinochet had learned that Contreras had given a close friend a briefcase with very sensitive documents placing responsibility for the assassination on the President, with instructions to make them public if anything happened to Contreras.



- In August 1978, Pinochet met with the President of the Chilean Supreme Court--whom he had appointed in May in order to lessen chances that the Court might find legal cause for the extradition of officers implicated in the killing--to urge him not to extradite Contreras. Pinochet stated that he had promised the Army's generals that Contreras would not be extradited because of the negative impact on the Army's reputation. The Court President promised Pinochet that he would do everything possible to see that the Court complied with his request.
- Over time, Contreras became increasingly anxious about whether Pinochet in the end might bow to US pressure and either extradite him or have him tried in Chile. He consequently renewed his threats to expose Pinochet if the President went back on their agreement.



[REDACTED]

[REDACTED]

-- In late 1979, a draft of the Chilean Supreme Court decision denying Washington's request for the extradition of Contreras, Espinoza and Fernandez Larios was shown to Pinochet. The President insisted that it be toughened to exclude any possibility that the extradition case could be revived. The language was changed to comply with Pinochet's order.

[REDACTED]

Recent Developments in the Case

Following the denial of the US extradition request, the Letelier case quickly slipped into the background in Chile, and, [REDACTED] most military officers were pleased with the way it was handled and that military's reputation emerged relatively intact from the affair. Even Contreras seemed to relax, as his fears dissipated that Pinochet might turn against him, and, according to generally reliable sources, over the years he and the President resumed their formerly close relationship.

[REDACTED]

Attitudes again changed following the revival of the Letelier case resulting from Fernandez Larios' revelations in the US in early 1987.

[REDACTED]

[REDACTED] senior military officers--concerned about damage to the reputation of the Army as the result of Fernandez Larios' revelations--are pressing Pinochet to clear up the Letelier case.

[REDACTED]

[REDACTED] most military officers at first believed that the President had no prior knowledge of the Letelier killing. [REDACTED] soon after Fernandez Larios made his statements before a US court the armed forces were subjected to a vigorous

[REDACTED]

presidentially inspired campaign to denigrate the Major--branding him a deserter--and-portray the whole affair as an effort by Washington to destabilize the Pinochet government.

[REDACTED]

As a consequence of this campaign, [REDACTED] officers in all of the services have closed ranks behind their commanders and Pinochet and have become very guarded about commenting on the case. Nevertheless, [REDACTED] the government's campaign has not overcome the conviction of at least some officers that the Letelier assassination probably was planned and approved by the highest levels of the Chilean military. Moreover, an untested source reports that as of late April Army field grade officers thought that Fernandez Larios' revelations could affect Pinochet's support among middle grade officers and that many officers have become "privately skeptical" about Pinochet's role in the assassination of Letelier--which we believe means they now suspect he ordered the murder. In addition, we believe that despite the government campaign to blacken Fernandez Larios' reputation, many military officers are still seriously concerned about his revelations and their negative implications for the armed forces' reputation. We also believe that reporting to date provides only glimpses of how seriously they view this matter and of what they are prepared to do about it.

Consequently, we judge that Pinochet [REDACTED] [REDACTED] is worried that his standing with the Army might be damaged if he merely stonewalls on the case while continuing to criticize Fernandez Larios and the US Government. At the same time, we believe that he is in a quandary over what steps would satisfy the military's concern because, above all, he fears that former DINA operations chief Colonel Espinoza, General Orozco, and especially General Contreras, would reveal his role in the murder if he moved against them. Although we have no reports that Contreras has made new threats to expose Pinochet's role in the murder, we believe that Pinochet may be seeking to protect himself at all costs, possibly even by eliminating Contreras.

[REDACTED]

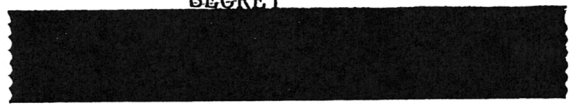
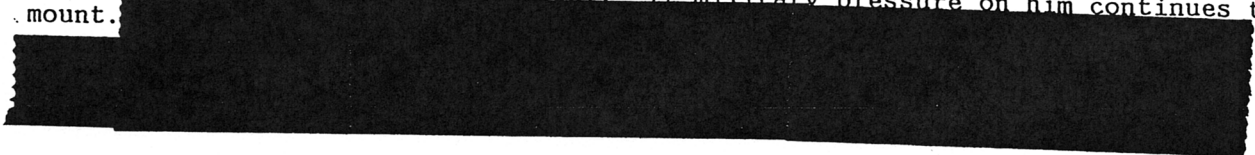
Outlook

Interest in the Letelier case in Chile is unlikely to dissipate soon, and Pinochet clearly knows this. He is probably very concerned about possible new damaging revelations on the case or actions by Washington that would cause further embarrassment for him with the Chilean military. Nevertheless, in our view, Pinochet has little recourse but to continue stonewalling in order to

[REDACTED]



avoid having his role in the Letelier killing exposed and, at most, he probably hopes thereby to be able to avoid a serious erosion of his support with the military. On the other hand, he is almost certainly realistic enough to know that he might eventually be forced to take concrete actions on the case--such as permitting a real court trial in Chile of one or more of the culprits, which he would try to drag out indefinitely--if military pressure on him continues to mount.



~~SECRET~~

3637

SYSTEM II  
91121

THE SECRETARY OF STATE  
WASHINGTON

October 15, 1987

MEMORANDUM FOR THE PRESIDENT

FROM: George P. Shultz *GPS*

SUBJECT: Pinochet and the Letelier-Moffitt Murders:  
Implications for US Policy

We are heading into an extremely difficult 12-18 month period with Chile. President Augusto Pinochet is determined to succeed himself as President by whatever means will ensure success. He has ruled out the possibility of a free and open election and instead intends to proceed with a yes/no plebiscite involving a single candidate--himself. The consequences of his staying in office would be highly dangerous for Chile and the region as a whole; inevitably, it would lead to serious polarization of the Chilean population and a significant strengthening of the large (and growing, thanks to Pinochet,) Moscow-dependent communist party. As events develop over the coming months I would like to discuss the overall situation with you.

In the midst of this, I have been particularly struck by a recent report prepared by the CIA analyzing the events surrounding the assassination by car-bombing in Washington in 1976 of Orlando Letelier, a former Chilean Foreign Minister and Ronni Moffitt, an American citizen. The CIA concludes that its review provides "what we regard as convincing evidence that President Pinochet personally ordered his intelligence chief to carry out the murders." It also confirms that "Pinochet decided to stonewall on the US investigation to hide his involvement" and continues to do so, including by considering "even the elimination of his former intelligence chief."

We have long known that the Chilean secret police/intelligence service was behind this brutal act, perhaps the only clear case of state-supported terrorism that has occurred in Washington, D.C. In 1978, the Chilean Government handed over to us one of the responsible people, a dual US-Chilean national. Then, earlier this year, we persuaded another of the indictees, Chilean Major Armando Fernandez, to come to Washington and give himself up, in spite of the Chilean Government's prolonged attempts to prevent him from doing so.

Fernandez provided strong corroborative information concerning the roles of the two previously indicted senior Chilean Army officials who planned the murders (the former head

DECLASSIFIED

NLRR 57580/1 #3637

~~SECRET~~

BY LOT NARA DATE 9/23/16

~~SECRET~~

13

of their secret police and his chief of operations) and significant new information on President Augusto Pinochet's role in organizing a cover-up. Fernandez' revelations have had a significant political impact within Chile and the CIA concludes that Pinochet will be "unable to satisfy the military's concern that Pinochet take effective steps to repair the damage already done to the armed forces' reputation."

While some in the USG had previously believed that Pinochet had ordered the murders, and there were strong signs that he was involved in the cover-up, the CIA has never before drawn and presented its conclusion that such strong evidence exists of his leadership role in this act of terrorism.

It is not clear whether we can or would want to consider indicting Pinochet, even if we had more public sources of evidence. Nevertheless, this is a blatant example of a chief of state's direct involvement in an act of state terrorism, one that is particularly disturbing both because it occurred in our capital and since his government is generally considered to be friendly.

I believe that by their very nature the CIA's conclusions and our own judgments as to Pinochet's direct involvement must affect both our overall policy towards Chile and the general conceptual framework of how we make decisions regarding that country. What we now know about Pinochet's role in these assassinations is of the greatest seriousness and adds further impetus to the need to work toward complete democratization of Chile. I look forward to discussing this further with you.

~~SECRET~~