

INFORMATION REPORT

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INTELLOFAX 2

COUNTRY Chile
SUBJECT Communist Party Finances

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Extra Campaigns for Funds

1. In July 1949, Luis Reinoso called on the Political Commission of the Communist Party of Chile (PCCh) to activate the collection of the dues and to collect special funds for the Party, stating that if this were not done quickly they would have no money for even "the most essential expenses". The Commission immediately instructed the regional finance officers to make the collections as soon as possible. Each militant engaged in a well paying profession was requested to lend 10,000 pesos. This loan was to be in cash, or in notes destined to pay contingent liabilities. According to Haydee Alarcon, Communist in charge of finances in the "Pro-Peace" movement, there are 3,000 professionals in the Party. Between 1,300 and 1,400 responded to the appeal, and gave money or drafts.
2. In addition to this campaign, another was launched among the non-professional militants to collect a million pesos. All the militants, workers, employees, housewives, etc., were given a special quota to make up this sum. Although the full amount had not been collected, it was reportedly near the million mark. Of this amount almost all of it has been disbursed for aid to retired Party members, individuals engaged in various strikes, and for propaganda and travel expenses.

Normal Source

3. The remainder of the Party's income is from the regular quotas assessed throughout the entire country, and amounts to between 250,000 and 300,000 pesos monthly. The expenses incurred through underground operation of the PCCh, the salaries of the Party functionaries, and funds for their families, are paid from these quotas.

Special Income

4. Special funds required for maintaining the Editorial Austral are obtained through the Editorial Lautaro of Buenos Aires and Pueblos Unidos of Montevideo. From Montevideo, books are sent without cost, and are sold in Santiago to maintain

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the bookstore. Thus, the PCCh is relieved of the expense of maintaining the Editorial Austral, which otherwise would disappear. There is considerable interest, within the Party, in keeping alive an organization which can serve in the so-called Epoch of Recuperation.

5. The financing of the "Pro-Peace" movement, of which Haydee Alarcon is in charge, is carried out by means of bonds ranging from 50 to 500 pesos. The bonds in the first issue, for the purpose of creating funds for the movement, were 500 pesos each and were sold until a sum of 50,000 pesos was acquired. At present, there are in circulation 50 peso bonds for maintaining the activities of the movement. In addition, collections are made at each public gathering. The money collected for the "Pro-Peace" movement is deposited in two current accounts in the names of Haydee Alarcon, in the Banco Espanol, and Santiago Labarca, in the Bank of Chile.
6. The PCCh has also received some funds from its affiliates in the Communist wing of the Confederacion de Trabajadores de Chile (CTCh). Each member has a carnet on which he pays a quota for the CTCh apart from the syndicate quota. At present, the Party depends most on the Federacion de la Construccion, which is playing the role previously played by the Federacion Industrial Minera, which is now in a state of disorganization. Bonds have been issued to pay the salaries of the national and regional leaders of the CTCh, and are distributed among workers, students, and members of leftist political parties.

Assets in Outlying Provinces

7. Below are listed the property and holdings of the Communist Party in the outlying provinces, according to available information:

Province of Tarapaca:	The Communist Party has a house and a printing press in Iquique, which publishes the newspaper <u>El Despertar</u> .
Province of Antofagasta:	In Antofagasta the Communist Party owns various houses, including houses for workers, and a press. One of the houses was used by the CTCh. The <u>El Popular</u> newspaper was published on the press of the CTCh. In Tocopilla the Party has a house and a press.
Province of Coquimbo:	In La Serena the Party has a house and a press which published <u>El Siglo de Coquimbo</u> .
Province of O'Higgins:	The Party had a press which was requisitioned by the government.
Province of Concepcion:	The property in this province belongs to the CTCh. The Party makes use of the CTCh property, in particular that of the Federacion Minera.
Province of Arauco:	Same as Concepcion.
Province of Valdivia:	The Party has a house and a press. The press formerly published a newspaper, <u>La Libertad</u> , which has been discontinued.

The Party has never had property nor presses in Atacama, Valparaiso, Aconcagua, Colchagua, nor in the rest of the southern provinces. Valparaiso has always been unstable for Party purposes.

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Santiago Real Estate

8. In the following resume are indicated the quantities received and spent by the Communist Party since the sale of the El Siglo building in Santiago. In the first part of the resume, proceeds of the sale of this building have been divided in order to arrive at a theoretical balance of the money which the Communist Party now has. However, the resume is not complete, since it does not contain the interest which the Sociedad Barra y Cia. Ltda. must pay to indemnify this property. It is believed that the completed account will reflect a less favorable cash position for the Party since the financial situation of the Sociedad at the moment of undertaking this deal was very precarious, and a large part of the money obtained had to be spent in paying past debts.

Financial Statement

	<u>Liabilities</u>	<u>Assets</u>
a) Sale of building <u>El Siglo</u> :		
1) Debt, Caja Credito Hipotecario, obligations Nos. 1341 and 50699:	228,000.	
2) Initial payment as of 21 September 1948	2,000,000.	
3) Final payment 18 November 1948	2,000,000.	
4) Payment - 6 months	2,886,000.	
5) Payment - 12 months	2,886,000.	
Total - - - - -		P/10,000,000.
b) Interest on d) and e):		
1) On d) + e) 6-months term 8% as of 18 May 1949	230,880.	
2) On e) 6-months as of 18 May-18 November 1949, 8%	115,440.	
Total - - - - -		346,320.
c) Expenses on sale of building <u>El Siglo</u> :		
1) Debt to Caja Credito Hipotecario, obligations No. 1341 and 50699	228,000.	
2) Commission 2% to agent	200,000.	
3) Transfer tax 2%	200,000.	
4) Expenses documentation	5,787.	
5) Counsel		
Julio Pino	26,156.52	
Raul Chacon	219,830.95	
Juan Contreras	130,400.16	
Lawyer fees	37,638.76	

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	<u>Liabilities</u>	<u>Assets</u>
6) Cancellation of debt with Caja Nacional de Ahorros (Prohib. fs 935 1992 1947)	1,020,000.	
7) Cancellation Instituto de Credito Industrial		
Loan	840,000.	
Advances	1,000,000.	
Interest 7%	128,800.	
Total - - - - -	P/4,036,613.39	
d) Indemnification lot in El Arrayan:		180,000.
e) Purchase of Lira 363 building:		
1) Estimated initial payment	155,000.	
2) Final payment	970,000.	
3) Debt to Caja Nacional de Ahorros	75,000.	
Total - - - - -	1,200,000.	
f) Expenses, purchase of Lira 363 building:		
1) Tax, transfer	24,000.	
2) Agent commission 2%	24,000.	
3) Charges documentation	1,831.	
Total - - - - -	49,831.	
g) Lira 363 property debt:		75,000.
h) Spent on March 1949 elections:	1,000,000.	
i) Estimated balance on hand 18 November 1949:	<u>3,954,875.61</u>	
Grand Total - - - - -	P/10,421,320.00	P/10,421,320.
	<u>Assets</u>	
a) Lot No. 6 in El Arrayan:	300,000.	
b) Lira 363 building:	1,200,000.	
c) Estimated balance on hand 18 November 1949:	<u>3,954,875.61</u>	
Total - - - - -	5,454,875.61	

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