

Network of Subsidies

The Power Lobby Behind the CIA

Big-Money Strategy in Cold War

By Richard Harwood
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In 1947, the year the Central Intelligence Agency was born, a brawling Corsican from the docks of Marseilles was recruited to perform a service for the western allies.

His name was Ferris Pisani. His task was to see to it, by whatever means seemed appropriate, that Communists among the longshoremen of Marseilles would not impede the unloading of Marshall Plan cargoes in France.

Pisani did the job and got rich in the process. His CIA retainer was \$250,000 cash. It was refreshed from time to time in the years that followed and Pisani's stature in the rough, private world in which he moved increased accordingly. He became a symbol of the power which private men and private organizations often wield in the intricate game of international affairs.

COLD WAR

It was evident to the CIA from the moment it commenced operations that the trade union movement had an immensely important role to play in what President

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Kennedy was to call "the long twilight struggle" between the adversaries in the cold war.

It was not enough for the United States to arm its allies, to strengthen governmental institutions, or to finance the industrial establishment through economic and military aid programs. Intellectuals, students, educators, trade unionists, journalists, professional men had to be reached directly through their private concerns.

Operating from that premise, the CIA began in the late 1940s and early 1950s a vast program that was to involve not only such men as Pisani but most of the major private institutions in American life.

OUTLINE

The extent of that involvement and the subtleties that were used to bring it about are now being dimly grasped as a result of the revelations of the past two weeks.

What is known to the press and to the public now is still far less than what is not known, which is to say that it is likely that the surface has been barely scratched.

Certain basic facts seem clear enough. The first is that many millions of dollars of public money have been used by the CIA with no public accounting to influence the political and ideological posture of private groups throughout the world, including groups within the United States. How much money has been involved is such a tightly-held secret that the President of the United States, as of last week, apparently had no inkling of the answer. Only about \$15 million has been traced thus far but unsubstantiated rumors place the true figure in the hun-

APPROVAL

The second self-evident fact is that the CIA was created to fight the Cold War secretly through private groups was no whimsical, unilateral decision by the men who have run the CIA during the past 20 years.

As Undersecretary of State Nicholas Katzenbach reported to the President:

"When the Central Intelligence Agency lent financial support to the work of certain American private organizations, it did not act on its own initiative but in accordance with national policies established by the National Security Council in 1952 through 1954. Throughout, it acted with the approval of senior interdepartmental committees, including the secretaries of state and defense or their representatives."

POLICY

The agency also acted with the full knowledge and consent of the congressional committees that were created to oversee its operations. Its activities, in short, were the public policy, never

publicly announced, of the government of the United States.

It was a policy, moreover, that had the overt approval and collaboration of what Richard Rovere has described as the American establishment, that loose coalition of lawyers, industrialists and financiers who are thought, rightly or wrongly, to subtly guide the course of public affairs in the United States.

Establishment

Allen Dulles, who ran the CIA in the 1950s, was a product of the New York law firm, Sullivan & Cromwell, which has always epitomized the establishment. While he was in charge at the agency, his business and legal conferences were used extensively to enable the CIA to achieve its secret purposes.

'COVER'

The Wall Street investment firm, Wood, Struthers and Winthrop, provided "cover" for at least one CIA agent, Hans Tofte, by issuing him credentials as an employee of the firm. Samuel Hadley of the prestigious New York law firm, Milbank, Tweed, Hadley and McCloy allowed his family's Rubicon Foundation to be used as a conduit for CIA funds.

Hadley, as an incidental footnote, has served for some time as chairman of the Carnegie Corporation. His law partner, Samuel R. Milbank, signed the "credentials" issued to agent Tofte by Wood, Struthers and Winthrop. Still another of Hadley's partners, John J. McCloy, has spent much of his adult life as a government official and consultant

and is representing the Administration in negotiations with the NATO allies over the size of the American troop commitment to Europe.

Elk Whitney Debevoise of the equally distinguished law firm, Debevoise, Plimpton, Lyons and Gates, is one of the principal figures in the American Council for the International Commission of Jurists. The council's major function has been to funnel CIA money into the international commission. The Plimpton in the firm of Debevoise, et al, is Francis T. P. Plimpton, former deputy chief of the U.S. mission to the United Nations.

STUDENTS

Among Plimpton's outside interests has been the Foundation for Youth and Student Affairs which he has served as a director along with Arthur A. Houghton Jr. of the Corning glass family, the Rockefeller Foundation, the Fund for the Advancement of Education, the United States Steel Foundation and the General Education Board.

FYSA for more than 13 years has been the principal CIA conduit for subsidies to the American college student movement and its numerous overseas affiliates.

The list of establishments involved with the CIA in its penetration of private institutions is lengthy and includes such other figures as Robert J. Manning, editor of The Atlantic Monthly, and McGeorge Bundy, who has had experience both inside and outside the government. As a foreign policy adviser to Presidents Kennedy and Johnson, Bundy, in effect supervised the CIA operation. Today he is president of the Ford Foundation.

TEXANS

The conscious involvement of private Americans in the clandestine operations of the agency was not, of course, limited to the cozy confines of the Boston-New York law firms, foundations and financial houses.

The Texas establishment was equally involved. The oil baron, John W. Mecom, was one of the original incorporators of the San Jacinto Fund, one of many dummy foundations set up for the CIA to conceal the source of its funds it was distributing. The private foundation set up by Oveta Ciro Hobby and her family was a conduit for CIA money. Her background includes service in the Eisenhower Administration as a cabinet officer in charge of Health Education and Welfare. The Republic National Bank of Dallas was trustee for another conduit and officers of the bank headed still another foundation handling hundreds of thousands of dollars in what is called "black money" in spy circles.

SECRECY

The distinguished Americans thus involved served the CIA in two ways. They made it possible for the agency to penetrate, financially, the structure of private institutions here and abroad without public knowledge of what was going on.

And they made it possible for the beneficiaries of this secret money to accept it without suspicion of taint.

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Within other organizations, the level of knowledge was uncertain at best. Officers of the American Newspaper Guild continue to insist that they had no idea the CIA was the source of more than \$1 million spent on the guild's overseas programs in recent years. George A. Truitt, the president of the International Development Foundation, one of the more-open CIA front groups, professed shock last week upon learning of the agency's connection.

EXAMPLE

A State Department official illustrated the point. It was impossible, he said, to get certain intellectual leaders in India to accept travel grants from the U.S. government. They feared they would be inhibited and discredited at home by accepting subsidies from that source. But they were willing to be subsidized by private American foundations on the assumption they could feel and behave like free men.

To deal with this problem, CIA money was put into private foundations to finance the travel of the Indians.

In most cases that have been uncovered thus far, the foundations which served as CIA conduits for these purposes were fully aware of what they were doing. In the case of the ultimate recipients of the money, the facts are more ambiguous. Some of them, such as the National Education Association and leaders of the National Student Association, had no illusions about the source of their funds.

IMPRUDENCE

Waldemar A. Nielson of the African-American Institute was in that category. He was quite aware, he said, that the CIA was subsidizing the institute from 1953 until 1961 and he was conscious of "the inherent imprudence and impropriety" of the arrangement.

But once it began, said Nielson, the institute became "like a drunk taking the first

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CONNECTION

But Atlantic editor Manning, an Assistant Secretary of State in the Kennedy Administration, was under no illusions during his short term as an IDF director.

"I was too good a reporter not to see that (CIA connection)," he said. "I wasn't 'victimized' in any way. Nobody tried to fool me. As soon as I inquired, I got straight answers to my questions."

On balance, it seems likely that few people involved in the world-wide operations of the CIA were victimized. Presidents, establishmentarians, students and most other beneficiaries of the CIA's millions were like Manning. They saw the connection.

The more pertinent question has to do with the balance sheet for the undertaking. What was gained or lost?

The Administration, thus far, as avoided the question and there is no reason to suppose any audit will ever be issued. The CIA, as they say, is "unvouchered."

agency in the 1960s, CIA said last week that "we obtained what we wanted" in terms of counter-propaganda and intelligence. That could be so because the CIA, as the New Republic has observed, "was not in the charity racket." It wanted a return on its investment. In the case of Ferri Pisani, the return was tangible.

In the case of the NEA, the American Newspaper Guild, and the National Student Association things are not so clear. They may have supplied intelligence. They may have been effective pre-pagandists for democracy. But that was in the period of the cold war and they were effective only so long as they appeared to be truly private agencies, untied to the CIA or any other official body of the United States government.

FUTURE

In the ideological conflicts that lie ahead in Africa, Asia and Latin America the role these institutions will play is wholly uncertain now.

Students, teachers, unionists and others have engaged in an orgy of self-analysis in the past two weeks and have come to the conclusion that their credibility as free and unofficial

spokesmen for the American people has been seriously compromised if not destroyed.

What they fear was expressed in an editorial in a Tokyo newspaper last week:

"It is not pleasant to know that this or that American visitor abroad might be a secret espionage agent."

CREDIBILITY

Beyond that is the simple but crucial question of credibility. Is it possible now to believe that when the National Student Association issues a pronouncement on world affairs it is speaking for itself? Or will there be lingering doubts both here and abroad that behind the words is the voice of the government of the United States?

Until those questions are answered, it will be difficult for the CIA or the White House to issue a meaningful balance sheet on the return from its large investment.