

Big Problem of CIA Is Excess of Money

By J. F. TER HORST

WASHINGTON (NANA) — The problem of the lazy rich is well illustrated in the embarrassing involvement of the CIA in the affairs of student groups and other "do-good" organizations.

The problem is the CIA's. But it is difficult to view the CIA as the only guilty party and all the others merely as victims.

Affluence in America may be the root of the evil. It involves the degree to which the very wealthy among us individuals and profit-making firms — have used the foundation gimmick to skirt the nation's income tax laws.

Rather than turn over all excess wealth to the government, persons and companies with money have found they can avoid taxes by setting up private foundations and trust funds on a nonprofit basis and then assigning their personal and corporate money to these foundations.

TO STAY WITHIN the law, however, these foundations must spend money on useful projects. And so there has grown up a whole army of groups and organizations which live off foundation wealth.

Scientists, scholars, and even great universities obtain grants for research, study and travel, all in the worthwhile cause of extending the frontiers of knowledge. So it is hardly surprising then, to see such groups as the National Student Association and even the National Council of Churches turning for finan-

cial support to the gold mines of the several thousand private foundations existing in the U.S.

Enter the CIA at this point, with a money problem of its own — too much. Hidden from public view and operating outside the normal areas of concern of a democratic government, the CIA has never had to account in the open for its operations. Indeed, it is prohibited by law from doing so. Although its internal accounting system is rated one of the best in government, the fact is the CIA hierarchy is as interested as all the others in empire-building. The cash comes in and there are few questions about where it goes.

IN ORDER TO avoid suspicion and to mask its own identity as the source, CIA uses several devices to slip money to groups it wants to organize or underwrite. One device is to create "dummy" foundations such as the Kentfield, Beacon, Borden and Edsel funds. Sometimes these dummy fronts supply money directly to the CIA-infiltrated group, such as the NSA.

Sometimes the dummy foundations transfer money to legitimate private foundations which then serve as pipelines for CIA financial aid. Such secret arrangements have existed with a dozen foundations, including the Jones-O'Donnell funds of Dallas, the family foundation of stock broker Peter O'Donnell, a 1964 Goldwater campaign chairman.

It was a very clever setup, particularly with so many organizations so hungry for foun-

ation money.

THE POINT OF it all is that if the CIA had not been so rich, it would have had to find other ways of gathering intelligence and making America's influence felt abroad. If students needed money so they could compete on equal terms with the government-financed students from Russia and other Communist countries, why did not the U.S. government take up the problem directly with say, the Ford Foundation?

A quiet chat between the foundation head and the secretary of state probably would have inspired the Ford Foundation to grant money to those American students attending world youth meetings overseas. Then there would not have been any federal money involved, least of all the CIA's. The same approach could have been used over and over again with other foundations for other ventures in which the U.S. had a prestige stake.

Unfortunately, the fact was simply that CIA had too much money to spend and it was easier to spend it than worry about the moral impropriety of subverting legitimate private organizations with tainted spy money.