

Defense-Dollar Scramble Under Way

By Jack Anderson
and Les Whitten

It is defense authorization time on Capitol Hill, the season for cultivating the taxpayers' green. Lobbyists are doing the spadework for a harvest of greenbacks in the future.

The great corporate scramble for defense dollars has produced Washington's most formidable lobby. Each new weapons system is supported by the military brass who believe in it, the contractors who manufacture the component parts, the workers who put the parts together and the members of Congress whose districts enjoy the economic benefits.

In the backstage wirepulling, the wires often crisscross. The generals and admirals who promote a new weapons system often wind up working for the corporations that produce it. The procurement officers themselves are restrained by a two-year rule from going to work directly for the contractors they dealt with.

But there is no rule which prevents Pentagon officials from switching to the congressional committees that oversee Pentagon procurement. Nor are congressional staff members, who help line up the authorizations and appropriations for defense contracts, forbidden from signing on afterward with the contractors.

Here are a few cases in point:

• Earl (Red) Morgan, as a staff member for the Research and Development Subcommit-

tee of the House Armed Services Committee, handled the authorization for the F-15 fighter, Harpoon missile, site defense and AMST transport plane. McDonnell Douglas Corp. wangled contracts on all four of these projects. Now Morgan is a vice president of McDonnell Douglas and he talks to his old colleagues about contracting matters. He did not register as a lobbyist.

• Phillip Kelleher, as chief counsel of the House Armed Services Committee, dealt for 17 years with General Dynamics. He is now on the General Dynamics payroll. Kelleher also did not register as a lobbyist, although he is in contact with Congress about defense legislation.

• George Norris, an old Navy hand, now runs the staff of the House Seapower and Strategic and Critical Materials Subcommittee. Invariably, the subcommittee grants the Navy more than it requests. This year, for example, the subcommittee added authorization for a nuclear powered strike cruiser that wasn't in the Pentagon budget.

The fine art of gaining defense contracts depends as much on political influence as professional competence. The Navy's caustic Vice Admiral Hyman Rickover is one of the few who not only have resisted the pressure but spoken out against it. "It is almost subversive," he once snorted, "not to want to spend government money."

Footnote: Morgan at first de-

nied that he had spoken to members of Congress about legislation. When pressed, he conceded to our associate Jack Cloherty that he had "responded to questions" but had not "initiated" any contacts. Morgan said he did not seek his job with McDonnell Douglas until after he had left Capitol Hill.

Kelleher told us he was actually "anti-General Dynamics" when he worked for the House Armed Services Committee. He didn't register, he said, because his duties do not include lobbying. Norris didn't return our calls.

Mystery Money—The Greek government has called off an investigation, reportedly at the Central Intelligence Agency's request, of a rumor that CIA funds were funneled through Greece into the 1968 Nixon-Agnew campaign.

There were whispers in Greece that the secret CIA funds had been passed to the Greek CIA, called the KYP, which had laundered the money through a Greek government bank. The laundered money, according to the rumors, had been delivered to businessman Thomas Pappas who was a fundraiser for the Nixon-Agnew campaign.

The rumors leaked into print during the 1968 campaign. Pappas issued a strong denial. The Greek junta, then in power in Athens, called the stories "ludicrous."

But a responsible Greek journalist in exile, Elias Demetropoulos, claimed he had proof of

the reports. The order for laundering the CIA money, Demetropoulos charged, came from KYP deputy chief Michael Roufogalis.

There the matter rested until July, 1974, when the junta was deposed, the KYP's files were opened and Roufogalis was interrogated.

To find out what the new Greek government had learned about CIA funds going into the 1968 Nixon campaign, we called Athens and spoke with Information Minister Panayotis Lambrias.

He said he had heard the reports and indicated that the government planned to investigate them. He promised more information if we would call back in two days. But when we called Athens again, Lambrias never took the call. We followed up with a cablegram, but Lambrias failed to reply.

Now we have learned the reason. Competent sources, close to the new regime, report that the CIA station chief in Athens, Stacy Hulse, made a quiet, subtle request that the government lay off the 1968 fund mystery. Hulse passed the word, according to our sources, to the new KYP chief, Maj. Gen. Constantine Fetsis, who informed his civilian boss, George Rallis.

At a hectic meeting, it was decided to ignore our calls rather than risk worsening relations with the U.S.

Footnote: Neither Agnew nor Pappas could be reached for their comments. The CIA declined comment.

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