

C.I.A. (D)

C. I. A. IS REPORTED TO GIVE ANTI-REDS IN ITALY \$6 MILLION

Secret Payments Said to Go
to Politicians in Bid to Stop
New Communist Gains

JAN 7 1976
FUNDING SET ON DEC. 8

Plan Described as Approved
by Ford and Given Strong
Backing by Kissinger

NYTimes

By SEYMOUR M. HERSH

Special to The New York Times

WASHINGTON, Jan. 6 — The Central Intelligence Agency has funneled at least \$6 million in secret cash payments to individual anti-Communist political leaders in Italy since Dec. 8 in an effort to prevent further Communist party gains in national elections there, well-informed sources said today.

The sources, who have direct knowledge of the Administration's covert political operation, said the final approval for the C.I.A. payments was given by President Ford on Dec. 8.

The names of individual political figures receiving the funds could not be determined today.

It also could not be immediately learned whether the 40 Committee, the Government's high-level intelligence review panel, had formerly approved the Italian operation. But a number of sources said that the C.I.A. program was strongly supported by Secretary of State Henry A. Kissinger. Congress was informed in December about the allocations.

Kissinger Concerned

Mr. Kissinger was known to have been extremely concerned about the Communist Party's gains in local Italian elections last June when it won more than 33 percent of the total popular vote.

A coalition of Christian Democrats and Republicans currently is in control of the Government, although that coalition needs the votes of Socialists and Social Democrats to get its program approved in Parliament. The Christian Democrats emerged from last summer's elections with 35 percent of the vote, just two percentage points more than the Communists. The Socialists won 12 percent of the vote.

Financing of Italy's political parties in Italy—which now total seven—has always been complex. The Soviet Union is known to have supported the Communists in the past and the United States similarly is known to have aided the non-Communist parties.

Sum Called 'Peanuts'

One American official, noting that the political parties in Italy are now spending tens of millions of dollars a year, described the C.I.A. effort as "peanuts." He characterized the covert operation there as secondary to the main American goal of urging the non-Communist political parties to revitalize themselves in an effort to prevent the Communists from eventually entering a governing coalition.

"Six million dollars is absolutely nothing," the official added. He explained that the funds were to help some non-Communist politicians get publicity.

"If you go to a politician and say, 'look, we really want to help you' and they say, 'We're broke and can't buy an advertisement—then you help them. But what can you buy for \$6 million?' the official asked. "You can help them print posters, run ads, print their speeches—just help them get off the ground."

During Mr. Kissinger's trip to Western Europe early last month, he was reliably reported

Continued on Page 4, Column 6

Continued From Page 1, Col. 8

to have insisted that the United States was determined to do what it could to prevent Communists from moving into Western governments and thus crippling, in his view, the North Atlantic Treaty Organization.

Despite this rationale, the Administration's decision to authorize direct and secret C.I.A. subsidies in Italy ran into sharp criticism when William E. Colby, Director of Central Intelligence, formally briefed special House and Senate intelligence subcommittees about the operation last month.

The Senate group, consisting only of Senators John J. Sparkman, Democrat of Alabama, and Clifford P. Case, Republican of New Jersey, was initially told of the Italian payments on the afternoon of Dec. 8, shortly after Mr. Ford returned from Peking, according to Senate records.

The seven members of the oversight committee of the House International Relations Committee were briefed on the program at a hurriedly called secret meeting with Mr. Colby the next morning.

At this session, the sources said, Representative Wayne L. Hays, Democrat of Ohio, bitterly challenged Mr. Colby.

According to participants, Mr. Hays repeatedly suggested that much of the C.I.A. funds, to be delivered by American agents, would end up in the personal bank accounts of Italian politicians. One source, in trying to recreate the discussion, said the exchange began when Mr. Hays said about direct deliveries:

"Colby, you ought to have your head examined. You don't know anything about politics if you're going to proceed this way it's not going to work"

Mr. Colby told the Congressman that "one of my agents is going to deliver it," the source added.

Mr. Hays was then said to have asked: "How do you know that your agent isn't going to stop off in Switzerland and put it in a secret account?"

At that, the source said, Mr. Colby asserted that only one C.I.A. agent had been accused of embezzling funds since the agency began its overseas political operations nearly 30 years ago.

'Only One Was Caught'

Mr. Hays, who is known on Capitol Hill for his tartness, responded that what Mr. Colby was saying was that "you mean only one was caught at it."

Another source said that John A. Volpe, the United States Ambassador to Italy, also had objected to the covert C.I.A. program there, arguing that it would inevitably be made known to the public at great embarrassment to the Ford Administration.

This account could not be confirmed, however, and other sources said that many officials in the State Department's Bureau of European Affairs had supported Mr. Kissinger's program.

One high-level State Department official put the issue in these terms: "If you assume that the United States has some role to play in Italy under these circumstances, then we have an obligation to support our friends. And that's the assumption that's been made."

A number of sources noted the United States, through covert financing by the C.I.A., had been involved in Italy's domestic political affairs of Italy from the end of World War II until the middle-1960's. As one former high-level official put it today, much of that money "in villas, in vacation homes and in Swiss bank accounts for the politicians themselves."

This time, the sources said, the Ford Administration decided to provide its clandestine funds directly to various influential members of the Christian Democratic and Socialist Parties in Italy of other than to the party treasuries. One source said that a slight percentage of

the C.I.A. would go to some members of the minority Republican Party.

A number of sources said today that it was public knowledge that most, if not all, of the major Italian industrial corporations, such as Fiat, now contribute heavily to a wide spectrum of political parties. "The bigger companies will give money even to small parties," one expert said, "from left to right—in an attempt to cover themselves" and gain future support from any party or coalition that manages to emerge in control after the next round of national and local elections.

Complicating the financial aspects of Italian politics is the fact that the Soviet Union traditionally has provided subsidies in the form of trade concessions to companies run by Italian Communists. Italian officials have said in recent years that a major part of Italy's trade with the Soviet Union is conducted through export concerns run by Communists.

The Ford Administration has generally refrained from publicly commenting on Italian politics, but Mr. Kissinger told the House International Relations Committee last November: "We are disturbed the dramatic gains by the Communist Party in June."

Mr. Kissinger added at that time, however, that "basically, the United States cannot deter-

mine the domestic structure of Italy by its own initiative! basically the future of Italy is not an American foreign policy problem."

At the time Ambassador Volpe was in Washington to consult with Mr. Kissinger and President Ford on the political situation in Italy.

Fear of Domino Effect

During Mr. Kissinger's European trip a month later, the Secretary was said to have told officials at private NATO meetings that he felt that Communist participation in the Italian Government could have a domino effect in France and West Germany, where the Communists are showing signs of increasing strength.

In addition, Mr. Kissinger was said to feel that Communist participation in the Italian Government would be a tremendous setback for American foreign policy, leading to the withdrawal of Americans in Europe and making the continuation of the North Atlantic Alliance impossible.

Mr. Kissinger has repeatedly made it known that this reasoning was behind his decision not to allow any American dialogues with Western European Communists and his insistence that the United States would only deal with Communist parties if and when they came to power.

REMEMBER THE NEEDIEST!