

CIA \$400,000 Chile Fund Reported

3/28/73
By Laurence Stern

Washington Post Staff Writer

Senate investigators sought to elaborate yesterday on a report that the Central Intelligence Agency was authorized to spend \$400,000 for covert propaganda action against Marxist presidential candidate Salvador Allende in Chile during the summer of 1970.

The existence of the fund was first broached by Jerome Levinson, counsel to the Senate Foreign Relations Subcommittee on Multinational Corporations, during the questioning of former Ambassador to Chile Edward Korry.

Korry confirmed that he knew a senior interdepartmental intelligence group of the National Security Council met to discuss the CIA's strategy toward Allende in late May or early June of 1970.

But he referred the subcommittee to CIA Director James R. Schlesinger on the question of whether the NSC policy group allocated \$400,000 for covert propaganda activities against Allende.

The National Security Council committee to which Levinson referred is the government's senior policy forum for covert intelligence operations, and functions under the direction of National Security Adviser Henry Kissinger.

"Anything to do with activities of the CIA, I am not going to reply to,"

Korry told Levinson. "It is the obligation of the CIA director to advise you."

Last week former CIA Director John A. McCone told the subcommittee he had been advised by Richard M. Helms, the agency's director in 1970, that "a minimal effort" had been authorized in the Allende election "within the flexibility" of the CIA's budget.

McCone said Helms also told him the senior interdepartmental committee, known as the Forty Committee, had considered the matter and decided that nothing of a major nature should be done to block Allende's election.

The subcommittee is examining whether the International Telephone and Telegraph Corp. exercised improper influence in the Chilean presidential election to stave off nationalization of its Chilean telephone company subsidiary, and whether U.S. government agencies worked in collusion with ITT in an attempt to prevent Allende from assuming the presidency.

Korry, in an afternoon of testimonial sparring, declined to tell the subcommittee what instructions he had received from the State Department in the crucial period between Allende's popular election on Sept. 4, 1970, and his installation by the Chilean Congress the following Oct. 24.

"I have a deep abiding conviction it is morally wrong to give you the details of privileged communication between an embassy and its government," the former ambassador told the subcommittee.

The question of Washington's instructions to Korry came in the con-

See ITT, A5, Col. 1

text of an ITT document in the subcommittee's possession—a copy of a cable from two executives of the firm on Sept. 17, 1970, from Santiago to ITT's New York headquarters.

The message said: "Late Tuesday night (Sept. 15) Ambassador Edward Korry finally received a message from the State Department giving him the green light to move in the name of President Nixon. The message gave him maximum authority to do all possible—short of a Dominican Republic-type action—to keep Allende from taking power."

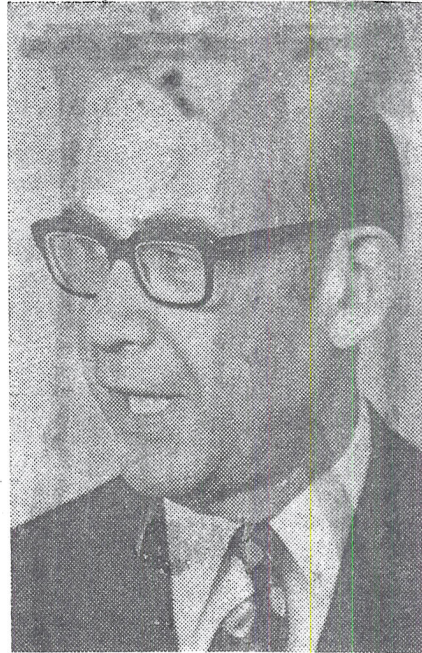
Korry said the ITT cable was "erroneous" and that he had not received instructions to do all he could to stop Allende. But he persisted in refusing to tell his questioners what his instructions were.

The former ambassador, who served in Santiago from 1967 to 1971, acknowledged that he did personally favor a strategy to block Allende's election by Congress. This strategy, the "Alessandri Formula," was designed to pave the way for election of former Christian Democratic President Eduardo Frei.

Korry said he discussed the Alessandri Formula with representatives of American business in Chile who were concerned about expropriation under Allende. "But there was no concerted effort on their part to sell me or on my part to sell them," he testified. There was strong American corporate support for the plan until it became clear that it did not have enough support in the Chilean Congress.

The subcommittee announced that it will release the testimony of the CIA's former chief for Western Hemisphere clandestine operations, William V. Broe, today after it has been reviewed by agency director Schlesinger.

Broe testified for nearly 45 minutes during a closed session yesterday morning on his dealings with ITT board chairman Harold S. Geneen and other officials of the company in the Chilean affair. Geneen will be asked to give his version of those dealings when he testifies on Thursday.



EDWARD KORRY
... cites privilege