

How U.S. Financed Allende's Enemies

Inside Sources' Report

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The Central Intelligence Agency secretly financed striking labor unions and trade groups in Chile for more than 18 months before President Salvador Allende was overthrown, intelligence sources revealed yesterday.

The sources said that the majority of more than \$7 million authorized for clandestine CIA activities in Chile was used in 1972 and 1973 to provide strike benefits and other means of support for anti-Allende strikers and workers.

CIA director William E. Colby had no comment yesterday when told of this revelation of CIA activities.

In testimony yesterday before the Senate Foreign Relations Committee, Secretary of State Henry Kissinger asserted that the intelligence agency's involvement in Chile had been authorized solely to keep alive political parties and news media allegedly threatened by Allende's one-party minority government. The clandestine activities, Kissinger said, were not aimed at subverting that government.

Among those heavily subsidized, the sources said, were the organizers of a nationwide truck strike that lasted 26 days in the fall of 1972, seriously disrupting Chile's economy and provoking the first of a series of labor crises for Allende.

Direct subsidies, the sources said, also were provided for a series of middle-class shopkeepers' strikes and a taxi strike, among others, that disrupted the capital city of Santiago in the summer of 1973, shortly before Allende was

From Page 1

overthrown by a military coup.

At its peak, the 1973 strikes involved more than 250,000 truck drivers, shopkeepers and professionals who banded together in a middle-class movement that, many analysts have concluded, made the violent overthrow inevitable.

The sources for this information, while readily acknowledging the intelligence agency's secret support for the middle classes, insisted that the Nixon administration's goal had not been to force an end to the presidency of Allende.

The sources noted that a request from the truckers union for more CIA financial aid in August, 1973, one month before the coup, was rejected by the "40 Committee", the intelligence review board chaired by Kissinger.

Nonetheless, the sources also conceded that some agency funds inevitably — as one high official put it — "could have filtered" to the truckers union thereafter.

"If we give it to A, and then A gives it to B and C and D," the official said, "in a sense it's true that D got it but the question is — did we give it to A knowing that D would get it?"

The official added that it is "awfully hard" to maintain control over local field operatives, particularly when large sums of cash are involved.

A number of sources also explained that the CIA, by using the Chilean black market, was able to increase the basic buying power of the \$7 million estimated to have been spent by the U.S. on clandestine efforts between 1970 and 1973. The unofficial exchange rate, sources said, was as much as 800 per cent higher than the official rate, indicating that the CIA's cash could have had a local impact of more than \$40 million.

The sources depicted the general involvement of the CIA with the labor unions and trade groups as part of broad effort to infiltrate all area of Chile's governmental and political life. The sources said that by the end of the Allende period, the CIA had agents and informers in every major party making up Allende's Popular Unity coalition.

One troubling failure during the latter part of Allende's power, the sources said, was the CIA's inability to infiltrate the Movement of the Revolutionary Left, or the MIR, the major revolutionary group outside the Allende coalition.

At his news conference Monday night, President

Ford declared his support for the CIA involvement in Chile and said that it had been authorized because "there was an effort being made by the Allende government to destroy opposition news media, both the writing press as well as the electronic press, and to destroy opposition political parties."

In fact, the intelligence sources agreed, less than half the money made available for clandestine activities in Chile was provided for the direct support of the allegedly threatened politicians, newspapers and radio-television stations referred to by Mr. Ford.

One official, with first-hand knowledge of U.S. decision-making on Chile, strongly defended the CIA's involvement with trade unions and organized strikes.

"Of course, the agency tries to support the people who believe in its aim," he said. "In the taxicab driver strike, our goal is to make sure that he (the individual driver on strike) is not going to fold. The strike money was used to supply subsistence for people who believed in what you do."

"You've got to understand what was going on," the official added.

"The intelligence reports coming to us were frightening. Allende would send Popular Unity representatives into a business and claim that the workers were complaining about high profits."

"Then they'd take over the books and raise the taxes (for the company) 50 per cent," he said. "It was a very brutal policy."

"So our idea was to prevent this from working, and money was the way to go,"

the official said. "What we really were doing was supporting a civilian resistance movement against an arbitrary government. Our target was the middle-class groups who were working against Allende."

"The whole point of this is that covert action provides a one per cent impetus for something that the people want anyway," he said. "In a civilized country, the CIA can only make a marginal input. It takes a lot of money and — this is most important — you don't do it unless you're told to (by higher authority in Washington)."

Some financial support for newspaper and radio stations was needed in Chile, the official explained, because "it wouldn't have been good to have strikes if nobody knows about it."

Most of the CIA funds invested for propaganda purposes, the official said, went

to *El Mercurio*, the main opposition newspaper in Chile. "It was the only serious political force among the

newspapers and television stations there," he said.

"As long as you don't make it sound like we were trying to start a coup, it'll be all right," the official added. "You've got to understand that he (Allende) was taxing them (the middle class) to death."

The official noted that the policy toward Chile, authorized by the "40 Committee," had been the subject of intense debate in the Nixon administration. One concern, he said, was that intervention would serve to polarize further the classes in Chile.

"And if Allende decided to bear down and destroy the middle class," the official added, "some of us thought it might result in a dictatorship of the left or the right — and that wasn't such a good idea."

The official described the administration's policy in Chile as a failure. "We were not looking for a military take-over," he declared.

A different opinion about the ultimate goals of the administration's policy was provided in an interview by a source who served a number of years in Chile.

"The people within the (American) embassy," the source said, "felt that they were engaged in a kind of warfare. People either were with you or against you when it came to Allende."

"There were a lot of people in Santiago on the far right who were essentially dedicating their lives to the overthrow of Allende — it was like a holy war," the source said. "These people were increasingly seen at the embassy" in 1972 and 1973."

the source added, putting some references at their disposal would be enough."