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Spooky Cash: What Happened to Funds CIA Aimed at Chile?

Of \$8 Million Budget, Little Can Be Traced; a Courier Left \$100,000 in a Bank

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SANTIAGO, Chile — This much seems clear, and President Ford has admitted it: The Central Intelligence Agency was authorized to spend some \$8 million between 1970 and 1973 to support opposition to Chile's Marxist President Salvador Allende.

Besides fueling a controversy, the disclosure raised a few questions of fact. For example: Where did the money go?

In a country like Chile, with only 10 million people, \$8 million for a political campaign is a very large—in fact, well-nigh unspendable—amount of money. And talks with a number of Chileans, including some who actually had their hands on CIA funds, now suggest that only part was used in Chile for campaign spending. Some may have been spent for other purposes; but a lot of money apparently never even got to Chile. Presumably, the CIA knows what happened to it all, though it seems doubtful the U.S. taxpayer ever will.

Money in the Bank

In one year, 1973, according to sources here, European banks kept on hand nearly \$500,000 to finance the 1973 election campaign of Chile's conservative National Party, the country's second largest party and the most uncompromising in its opposition to Marxism. Chileans with knowledge of the accounts weren't certain, but they always assumed, that the money had come from the CIA. Yet one courier responsible for delivering funds to Chile from Europe says he actually delivered only about \$100,000 of the \$200,000 given him.

It was hard enough, the courier says, to buy escudos—the Chilean currency unit—in \$10,000 and \$20,000 quantities in European markets, much less in sums larger. And, he says, "you can't spend that much money (\$200,000) on a Chilean election. Indeed, the total expenses of the Christian Democrats, Chile's largest party, are estimated to have reached only \$120,000 in the 1973 congressional elections.

Of the remaining \$100,000 he got, the courier says: "On my word of honor, what I had left is still sitting in a bank account, and I don't know what to do with it."

Sergio Onofre Jarpa, president of the National Party, was astonished when he heard that party candidates were getting money from abroad. "He went around town trying to find out where the money was," an acquaintance says. He adds: "Someone must have kept most of it for himself." Mr. Jarpa flatly denies that his party received any foreign money. "I always opposed anyone who suggested we ask for money outside the country because it would have destroyed our fighting spirit," he says. "I don't know if individual candidates received any."

"CIA, Gracias!"

Though some apparently did, the courier from Europe believes that other CIA funds went for noncampaign purposes. Some reports suggest that CIA money may have been used to finance truckers whose 37-day nationwide strike in 1973 brought Chile's faltering economy to a standstill and set the stage for the military coup and dictatorship that followed Dr. Allende's death.

The truckers were protesting a government attempt to force them into a nationalized trucking system by denying them spare parts for their vehicles. Business groups, private citizens and farmers provided food, clothing and other aid to the truckers and their families.

But like just about everybody else in Chile who was a logical recipient of CIA money, Leon Vilarin, head of the truckers' organization, vigorously denies that the truckers got any. "Anyone who took money from outside," he says, "should forfeit his Chilean citizenship." A driver who took part in the truck strike, however, questioned on the point, raises his fist and shouts, "CIA, gracias!"

Others say that if recipients of foreign funds really had to forfeit their citizenship, Chile would lose a lot of citizens. "There isn't a political party in Chile, Marxist or otherwise, that could have functioned without help from abroad," a Christian Democrat says. During the Allende years especially, some Chileans say, foreign money and other aid flowed freely.

Comic-Book Offensive

The military regime regularly reports turning up hidden caches of arms from Cuba, arms the regime says were meant for a clandestine Marxist army. An East German newspaper, according to West German newspapers, recently disclosed that the East German labor movement contributed more than \$11 million to support the Allende government. The Chilean junta claims it has photostats of bank documents and testimony that Dr. Allende got \$780,000 from Cuba and \$500,000 from Czechoslovakia to buy the Santiago newspaper Clarin in 1972.

By U.S. admissions and other evidence, the CIA's spending in Chile started with a \$500,000 authorization to aid Dr. Allende's opponents in the 1970 presidential election. Much of this, a U.S. official says, was spent on newspaper advertising and posters depicting the horrors of Communism. "They also put out anti-Communist comic books," he says. "It was all childish and idiotic." Apparently, it also was ineffective.

Dr. Allende won the election. Then, says a U.S. official in Chile at the time, CIA funds went to Chileans who couldn't cover postdated checks they had written as campaign contributions to anti-Allende parties. Customarily, Chilean banks had honored such checks but waited until due dates to collect them. One of the first acts of the new Allende government, however, was to take control of private banks and demand immediate payment for the checks. Many people who didn't get CIA funds were caught short. Some even served short jail terms for their overdrafts.

At the same time, according to testimony by former CIA director William E. Colby before a House of Representatives subcommittee last April, the CIA was authorized to spend \$350,000 to persuade Chilean congressmen not to ratify Dr. Allende's election.

"But it wasn't spent," says Edward R. Korry, U.S. ambassador to Chile at the time. "Bribing wasn't tried."

President Ford, in discussing CIA activities in Chile at a September press conference, said the agency gave financial aid to opposition newspapers, radio and television stations. The government had cut off its own lucrative advertising. The government seizure of private firms also hurt advertising. El Mercurio, Chile's largest daily and Dr. Allende's most vociferous opponent, still denies getting any CIA money.

Some radio-station managers say they tried to get U.S. money in trips to the U.S. but failed. They say they did get money from private citizens and businesses in Chile. One manager says that "CIA money could have come in that way. I took anything that came across my desk and didn't ask questions."

An anti-Allende radio commentator says she was offered a monthly payment to supplement her slim salary in the spring of 1972. The offer, she says, came from a Mexican-American staying in a Santiago hotel. She recalls that she told her would-be benefactor, "This sounds like the CIA." He answered, "It is."

Having refused the money, she says she is angered at the implication that all anti-Allende journalists were in the CIA's pay. The Chilean journalists' union has sent a letter to President Ford requesting that he release the names of individuals who did take CIA money to clear the names of those who didn't.

Otherwise, many Chileans seem less than outraged that CIA money may have flowed into the country. "You had a moral obligation to help us fight Communism," one says. Another man recalls his politician mother telling how, years ago, she wheeled him in his baby carriage to pick up cash from an American embassy man she was meeting in a park. "She brought it back hidden in my baby clothes," he says.

How the CIA Succeeded In Business With Allende

By a WALL STREET JOURNAL Staff Reporter

SANTIAGO, Chile — The Central Intelligence Agency may have made money dealing with the late President Salvador Allende's Marxist government in Chile.

When Chile ran critically short of beef in 1972, the government resorted to a costly solution. It hired aircraft to fly in beef twice a day from Mendoza, Argentina, just over the Andes from Santiago.

Southern Air Transport chartered out a C-130 cargo plane for the meat runs. Southern Air Transport, at the time, was one of several CIA-owned air transport firms that operated as profit-making businesses when not engaged in special CIA missions.

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