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# The CIA's New Bay of Bucks

*The United States Government adhered to a policy of nonintervention in Chile's internal affairs during the Allende period.*

—Deputy Assistant Secretary of State  
Harry Schlaudeman

*We bought no votes, we funded no candidates, we promoted no coups.*

—Former Assistant Secretary of State  
Charles Meyer

*The CIA had nothing to do with the coup...*

—Secretary of State Henry Kissinger

**M**onth after month, Nixon Administration officials had come before Congress and testified that the United States was free of any involvement in the events leading up to last September's Chilean coup. Then last week those same lawmakers learned that the White House had, in fact, authorized CIA expenditures of \$8 million in Chile from 1970 to 1973 in a clandestine effort to undermine the Marxist government of Salvador Allende. "I couldn't believe my eyes," said Massachusetts Congressman Michael Harrington after reading a top-secret briefing to a House subcommittee by CIA director William Colby. "Here everyone from top to bottom in the Administration had been insisting we had nothing to do with it—and there it was, 40 pages in black and white... telling in clinical detail how we were engaged up to our eyebrows."

The revelations about the CIA's activities in Chile broke in the press just as the

fire storm over the Nixon pardon put an abrupt end to Congress's honeymoon with Gerald Ford. And in the revived mood of anguish and acrimony, Washington reacted to the CIA story with deep dismay. Although there was no proof that the CIA had any direct role in the actual coup that toppled Allende, it was clear that Congress was deliberately misled about the scope and degree of U.S. meddling in internal Chilean affairs. Several lawmakers started an investigation to determine whether State Department officials who testified before them on Chile could be prosecuted for perjury. And the controversy loomed as a serious political challenge to Henry Kissinger, who apparently was the motive force behind the anti-Allende campaign in his role as head of the supersecret CIA board of overseers known as the "40 Committee" (page 52).

**Bribe:** At the very least, last week's revelations embarrassed the CIA more than anything since details of the Bay of Pigs fiasco became public. As the latest story was pieced together, the CIA first distributed \$1 million among Allende's opponents in hope of defeating him in the 1970 Presidential election. When

this failed, the 40 Committee decided to try to induce the Chilean Congress—sitting as an electoral college—to pass over Allende. After this scheme crumbled, the CIA was given \$5 million to spend over the next three years to "destabilize" the Allende government. In August 1973, with the Marxist regime already in deep trouble, the 40 Committee decided to throw in \$1 million more.

"Technically, Kissinger was accurate when he said that the CIA didn't pull the coup," remarked one expert. "But how can you work for three years to upset Allende and then claim you didn't have anything to do with the coup?"

The fact that the Nixon Administration managed to keep its war against Allende secret indicated anew how little leverage Congress has over the CIA. The agency, an arm of the executive branch, reports in theory to four Congressional subcommittees. But there is a reluctance among veteran members of these panels to ask too many questions. "The clandestine services give them a peek under the rug and their eyes pop," one CIA source said. "It doesn't take long before the Congressional overseers acquire that old-school feeling."

While there seemed little inclination to go after the CIA, which was only carrying out White House orders, feelings were running stronger about the testimony of Administration officials. And a number of lawmakers felt any effort to get to the bottom of the Chilean story should start with the testimony of Henry Kissinger. NEWSWEEK's Bruce van Voorst reported that it appeared that Kissinger pushed the covert operations against Allende even though the State Department and the CIA were not too enthusiastic about the idea. "Henry had a tick about Chile," one 40 Committee staffer told van Voorst. At a meeting of the panel that took place in June 1970, another source said, Kissinger declared: "I don't see why we need to stand by and watch a country go Communist due

to the irresponsibility of its own people."

Disclosure of the U.S. campaign against Allende caused scarcely a ripple last week in Santiago, where most politicians have correctly believed for years that the CIA was deeply involved in Chilean politics. But the news created a sensation in many foreign capitals, and revived all the old doubts and suspicions about CIA activities in far corners of the world. The U.S. ambassador to India, Daniel Patrick Moynihan, cabled Kissinger that the reports had confirmed Prime Minister Indira Gandhi's "worst suspicions and genuine fears" about American pol-

icy. "She is not sure," Moynihan told Kissinger, "but that we would be content to see others—like her—overthrown."

Political considerations aside, there was also the question of morality. Kissinger himself is known to believe that there is a valid philosophical question whether democracies such as the U.S. should engage in such clandestine activities—and if so, how Congress should be kept informed. Many congressmen—even some of those who were most critical of the Chilean revelations—would probably agree with CIA director Colby that in the harsh world of big-power politics

the U.S. is left with little choice but to engage in some covert activities. As Colby said last week during a two-day Washington conference on the CIA's activities: "I think it would be mistaken to deprive our nation of the possibility of some moderate covert-action response to a foreign problem and leave us with nothing between a diplomatic protest and sending in the marines." At the same time, however, the Administration officials who send secret agents into action cannot expect much public support in a democracy if they lie to the people's representatives in Congress.

Despite official denials, Washington learned last week that the CIA had secretly campaigned to undermine Chile's Marxist government. With files from Bruce van Voorst, Milton Benjamin assesses the controversy.

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Lawrence McIntosh

State's Sisco  
Pentagon's Clements

AP



AP

CIA chief Colby



JCS chairman Brown



UPI

... and 40 Committee boss Kissinger

## SUPERVISING THE SPOOKS

It's one of Washington's most exclusive clubs and its name might lead some outsiders to think that it organizes snooty charity balls. But when the members of the 40 Committee gather once or twice a month behind the thick wooden door of the Situation Room in the White House basement, they come prepared to endorse sub rosa action against real and imagined enemies of the United States. The 40 Committee is the board of directors for America's master spies. Over the years, the projects it has approved have included the 1953 coup against Mohammed Mossadegh of Iran, the spy flights of the U-2, the Bay of Pigs invasion and the secret war in Laos. Last week, it was identified as the sponsor of the U.S. effort to sabotage the Marxist regime in Chile of the late Salvador Allende.

Only the scantiest details about the 40 Committee are known. It was formed in 1948 as a "special group" of senior White House and State and De-

fense department officials and its mission was to make sure the year-old CIA's projects were worth the political risk. Though it has been renamed from time to time—"the 54/12 group," "the 303 Committee" and now "the 40 Committee" after the title of its latest reorganizing memorandum—its membership is still restricted to five key men. Currently they are Secretary of State Henry Kissinger, CIA chief William E. Colby, Deputy Defense Secretary William Clements, Under Secretary of State Joseph Sisco and Air Force Gen. George Brown, chairman of the Joint Chiefs of Staff. Most of its work focuses on capsule summaries of CIA proposals, which spell out objectives, list available agents, give costs, assess prospects and—most important—present a plausible way the Administration can deny U.S. involvement if something goes wrong.

Old hands in the intelligence trade say that for many years the committee held a fairly tight rein on the "roman-

tics" the CIA inherited from the World War II OSS. Meeting weekly in the 1950s and 1960s, it thumbed down many operations—such as covert support for rightist politicians in Rome and Saigon—on the ground that they were too risky or wouldn't work.

The rise of Henry Kissinger, however, has sharply reduced the committee's impact. It meets less often now, and when it does Kissinger's unchallenged right to say flatly, "The President told me . . ." has made him dominant. Some of the Secretary of State's critics feel that Henry Kissinger is overly fascinated by the spy game at a time when technology has become far more important to intelligence collection than espionage. He was recently dubbed "Henry Superspy" by one sarcastic critic. And when Kissinger takes a personal interest in a project—in Chile, for example—it is almost certain to win approval despite others' doubts. As with so many other aspects of U.S. policy abroad, says one former member, "the 40 Committee has come in practice to mean Henry Kissinger."

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