

The Washington Merry-Go-Round

THE WASHINGTON POST Wednesday, Jan. 3, 1973 B 15

Publicity Undermines Dictators

By Jack Anderson

To hide its dealings with dictators, the U.S. government customarily sweeps the embarrassing details under the secrecy stamp.

But the government has now admitted, in at least one case, that publicity was the best policy. The admission, of course, was classified "Secret."

The case involves Paraguay's Dictator Alfredo Stroessner, who has been drawing around \$11 million a year from the U.S. taxpayers. Apparently, this hasn't been enough to keep his generals in starched uniforms and other essentials. To supplement this income he has parceled out smuggling franchises to his associates, who are plugged into the veins of America's street addicts.

Stroessner's smuggling operations have been no secret to our longtime Ambassador to Paraguay, Raymond Ylitalo. The details have also been known to the Central Intelligence Agency and the Bureau of Narcotics and Dangerous Drugs.

The taxpayers who help subsidize Stroessner were kept in the dark, however, until we published excerpts from a secret CIA report last April 22. While the report declared that the dictator "is willing to condone smuggling of everything from watches to whiskey." It also added: "There

are strong indications that President Stroessner is opposed to the (narcotics) trade and is willing to take action."

We noted, nevertheless, that the CIA described his tight little dictatorship as "the Heroin Crossroads of South America," that some of his most trusted aides allegedly were deep in the narcotics traffic and that he had refused to extradite the notorious, French-born heroin kingpin, Auguste Ricord, to the U.S. to face drug charges.

Our column, widely quoted throughout Latin America, upset Stroessner. He sent word to us through his Ambassador to Washington, Dr. Roque Avilla, that he was surprised at the allegations and asked for the names of those behind Paraguay's drug trade.

Culprits Named

We supplied Avilla with names and details implicating a dozen of Stroessner's closest associates, including his trusted chief of investigative police, Pastor Coronel.

We also continued to raise questions about Ricord, known in narcotics circles as "El Comandante," whom Stroessner had ensconced in a colorful, comfortable jail cell with a private bath and a nearby telephone where he could keep in touch with his drug business.

At one point, a State De-

partment official called us to warn that if we wrote about Ricord, it could upset the delicate negotiations and prevent his return to the U.S.

We contended that publicity would abet not prevent Ricord's extradition and that, in any case, the public was entitled to know what was happening. So we went ahead with our stories. Other newsmen also wrote about the "Paraguayan Connection," as Ricord was labeled.

The final result: Ricord was extradited to the U.S., where he was convicted. He now faces a long prison term. Ambassador Ylitalo was sacked, and Paraguay appears to be trying to stem the dope traffic.

Belatedly, the General Accounting Office, in a report on world drug trafficking, has given the press the credit for this turnabout.

"The American Embassy," states the GAO study, "has reported that the Government of Paraguay's concern about illicit international trafficking has increased recently because of unfavorable press reports about Paraguay's role as a smuggling center."

"Publicity regarding U.S. efforts to extradite (Ricord) has also increased the Government of Paraguay's concern . . . The fear of adverse publicity . . . has caused Paraguay to take some steps to control narcotics."

The embassy messages giving

credit to the press and the GAO report praising the effects of publicity, ironically, are all heavily classified. Indeed, every copy of the secret GAO report has been numbered to restrict its circulation and to prevent any publicity.

Pentagon Pipeline

Phony Figures—The Pentagon put out misleading figures on the number of B-52 bombers shot down over Hanoi. Some bombers were badly hit, according to secret military dispatches, but made it out to sea before they came down. The Pentagon, not wishing the Communists to know about downings they may have been unsure of, did not report all the B-52s lost in the sea. The Pentagon also has said nothing about seriously damaged B-52s that managed to limp back to base but have been effectively put out of action. We have not seen the complete figures on the B-52 losses, but our Pentagon sources tell us that only about two of every three B-52s shot down were announced.

Vietnam Outlook—Secret instructions going out from Hanoi indicate that the North Vietnamese are firing for a long, new siege of fighting. The messages, intercepted by U.S. intelligence, give the impression that the Communists feel they were misled by Henry Kissinger in Paris and, therefore, have abandoned serious peace negotiations.

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THE WASHINGTON POST Tuesday, Feb. 13, 1973 C 13

Usable Copters Consigned to Scrap

By Jack Anderson

Hundreds of helicopters, most of them perfectly airworthy, have been consigned to the scrap heap at Davis-Monthan Air Force Base in Tucson, Ariz., while law enforcement agencies around the country are paying through the nose for new police helicopters.

The police units, with few exceptions, haven't been able to cut through the red tape to acquire surplus military choppers. This is forcing them to buy new helicopters for \$60,000 to \$100,000 apiece when they could refurbish an old battle chopper for a few thousand dollars.

There is evidence, moreover that the Federal Aviation Administration is cooperating with the big aircraft manufacturers to keep the bargain surplus helicopters out of police hands. Here's how they work it:

The FAA won't issue certificates of airworthiness for the surplus choppers unless the manufacturers issue new data plates. Bell Helicopter, for example, explains that it cannot determine without a total factory overhaul whether a chopper still meets Bell's specifications.

Bell won't risk damage claims, therefore, by issuing a data plate. Without this, the FAA won't certify the aircraft. And insurance companies won't grant reasonable liability rates without FAA certification.

Rep. Ogden Reid (D-N.Y.) has suggested in a private letter to FAA Administrator John Shaffer that there is a simple solution. "I have checked with the services involved and have been assured," he wrote, "that the log history of each helicopter is readily available and that either the manufacturer or the FAA could easily determine whether the craft is airworthy from this and some personal inspection . . ."

Reid suggests suspiciously that FAA's refusal to issue the certificates is based on a technicality which seems designed to protect the market for new helicopters rather than the public interest.

Conflict of Interest

An unpublished study exposes the cozy relationship between the Food and Drug Administration and the businesses it is supposed to oversee.

Such commercial giants as Swift and Company; Smith, Kline and French; and Libby, McNeil and Libby have been able to place top executives in watchdog posts inside the agency.

The study, by the Center for Science in the Public Interest, reveals that some 22 of the FDA's top 54 officials have held key positions in FDA-regulated industries or in front organizations which cater to these industries.

A typical case: Dr. Marion Finkel came from the large

drug firm of Merck, Sharp and Dohme to become deputy director of the Bureau of Drugs. She acknowledged to us that she set to work in her new post reviewing four Merck drugs for marketing licenses. Three of the Merck drugs were subsequently approved.

Dr. Ogden Johnson, head of FDA's Division of Nutrition, came from A. E. Staly Manufacturing Co., an Illinois soy product producer, which is actively researching new soy food. At the FDA laboratories under Johnson's control the FDA currently conducts tests on the nutritional value of soy meal and soy protein.

Other FDA officials intend to return to the drug and food industries when they leave the government. Typical is Dr. Virgil Wodicka, who formerly worked for Hunt-Wesson, Libby and Ralston Purina, but is now FDA's director of the Bureau of Foods. He has made no bones about his plans to return to the industry when his government service is completed. Even the most noble of men might avoid doing battle with a corporation which holds the purse strings to his later employment. Others more inclined to go to the well with the big business might even be seduced by what FDA insiders call "the deferred bribe."

Intelligence Items

Secret Attack - Pathet Lao troops, attacking in battalion

strength a few days ago over a key U.S. intelligence outpost in the remote northeastern corner of Laos near the Burmese border, knocked out by the attack was the Central Intelligence Agency's main intelligence base at Nam Yeu for operations into Communist China. Sabotage and reconnaissance teams operating out of Nam Yeu have been penetrating deep into China's southern Yunnan province. The teams stayed inside China for as long as four to six months, some penetrating as far north as Kunming. The clandestine reports were sent by lightweight satellite equipment to Nam Yeu for translation and relay to Vientiane, and on to CIA headquarters at McLean, Va.

Sea Saga - Secret intelligence reports describe what was probably the last naval action of the Vietnam war. Four missile boats, each loaded with two deadly STYX missiles, slipped out of China and crept down the coastline, carefully staying in Chinese territorial waters until they reached some small North Vietnamese islands north of Haiphong. They tried to hide among the islands but failed to escape detection. On December 17 American A-7 fighter-bombers struck the boats in their hiding places, sinking one and damaging two. The fourth got away.

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THE WASHINGTON POST Thursday, Mar. 15, 1973 F 11

Europe Is Angry Over Money Crisis

By Jack Anderson

President Nixon's failure to intervene directly to check the international monetary crisis last week has caused bitterness and anger in the chancelleries of Western Europe.

The secret diplomatic dispatches and intelligence reports from Europe indicate that feelings against the U.S. haven't run so high since the end of World War II. The President's handling of the monetary mess, in the opinion of most European leaders, threatens to plunge the world into a disastrous trade war. The result, they fear, could be a world depression.

Many blame the U.S., according to the Central Intelligence Agency, for triggering the greatest international monetary crisis since the 1930s. The CIA reports, for example, that West German Chancellor Willy Brandt during a secret session with his ministers exploded: "The Americans must be taking leave of their senses!"

The cause of the crisis was a sudden flood of dollars into the exchange market. This forced European countries, particularly West Germany, to buy up dollars in order to keep their own currency stable. Twice now, these governments have been caught with their vaults full of dollars when President Nixon has devalued the dollar, thus sticking them with huge losses.

The problem, somewhat over-

simplified, is this: The dollar has been the backbone of the world monetary system for the past quarter century. Western Europe has depended upon the U.S. to bolster the dollar. But Washington took no firm action to halt the recent run on the dollar. The President's economic czar, Treasury Secretary George Shultz, came to a Paris monetary conference without instructions. He merely listened, with seeming detachment.

Brandt thought his attitude was senseless, but France's President Georges Pompidou considered it suspicious. The CIA reported that Pompidou, in private, was muttering darkly about U.S. economic imperialism.

As Pompidou sees it, according to the CIA, the U.S. is happy to dump its dollars on allied governments. The chief beneficiaries, Pompidou believes, are the great American corporations.

He suspects they have been selling dollars for European currencies, which have become more valuable as the dollar has weakened. Now he expects the American conglomerates to use this money to begin a new wave of investments in Europe.

The diplomatic repercussions have been so serious that the President's foreign policy czar, Henry Kissinger, is staffing up for a crash study of the monetary crisis. He wants to have a voice in set-

ting monetary policy, with a view to its impact upon U.S. European relations.

Washington Whirl

Tax Dodge Award—Georgia Pacific, the giant lumber and paper goods corporation, has been selected for us by Fred Harris' Tax Action Campaign as Tax Avoider of the Week. Georgia Pacific has been extraordinarily successful at chopping down its tax base. According to Harris, the tax laws, as they apply to most businesses, would have taken 48 per cent of Georgia Pacific's 1971 taxable profit of \$117,600,000. These timber wolves, however, paid an effective tax rate of only 11.3 per cent, through a long list of special tax exemptions. Most startling: profits from tree sales are treated as capital gains rather than ordinary income. Manufacturers of recycled paper, deprived of similar advantages, can't compete with Georgia Pacific's timber cutting cost cutting. Thus, the government's largesse to Georgia Pacific makes all the talk about ecology as valuable as sawdust. Tax Action Campaign will confront the most flagrant tax evaders each week with leafletting and public demonstrations.

Presidential Goof?—Many troubled diplomats at the State Department, familiar with the full details of the shooting of Ambassador Cleo Noel and deputy George

Moore in Khartoum, believe they might have been saved if President Nixon had kept his mouth shut. Shortly after he issued his tough statement that "we will not pay blackmail," the two men were executed by the Black September terrorists. Previously the kidnapers had shown signs of relenting. Those who privately criticize the President agree with his stand against blackmail. They simply felt it was unnecessary to antagonize the kidnapers by proclaiming it to the world before every effort had been made to negotiate their release. Deputy Under Secretary William Macomber, who recently negotiated the release of another kidnapped Ambassador, Clinton Knox, in Haiti, never got a chance to try his skill on the Black September terrorists who held Noe and Moore.

Bank Reform — Two years ago, we reported that 124 members of Congress had been granted loans at special low-interest rates by the National Bank of Washington. This is the bank owned by the United Mine Workers, which was then controlled by corrupt leaders. But the Mine Workers have now thrown out the old crowd and installed a man from the mines, Arnold Miller, as union president. We are pleased to report that he has quietly instructed the bank to cut out special bargain loans for congressmen.

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The Washington Merry-Go-Round

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Move Seen to Politicize CIA Analysis

By Jack Anderson

Our sources inside the Central Intelligence Agency are alarmed over an apparent move to politicize its intelligence estimates and evaluations.

The craggy new CIA chief, James Schlesinger, is shaking up the Office of National Estimates, which produces the supersecret studies of world developments. Each September, for instance, this office completes a painstaking survey of Soviet capabilities and intentions.

But the CIA estimates, unhappily, have often conflicted with President Nixon's own concepts. Schlesinger's shake-up, therefore, has been interpreted within the CIA as an attempt to make the intelligence analyses conform with the President's thinking.

The President's displeasure with the CIA has been no secret inside the agency. In 1971, he issued a detailed "decision memorandum," complaining about inadequate intelligence and calling for changes. He gave his national security adviser, Henry A. Kissinger, new power to evaluate intelligence and instructed then CIA director Richard Helms to make the estimating-analyzing operation more responsive to White House needs.

Some of the reforms the President sought, to be sure, were intended to reduce run-

away costs and to increase efficiency. But the cool, competent Helms was reluctant to adopt changes that might make the CIA less professional and more political.

He believed there should be a diversity, not conformity, of intelligence activities. He thought diverse views should be funneled to the White House as a check upon the rival intelligence services. If the President should receive only an intelligence consensus and this should turn out to be wrong, Helms feared, it could be disastrous for the nation.

CIA's 'Liberal' Taint

But the conservatives around Mr. Nixon persuaded him that the CIA had a liberal taint and that the Office of National Estimates, in particular, took a dovish view of the Vietnam war.

It's true the CIA warned in 1966-67 that Communist strength was almost double what the Joint Chiefs of Staff estimated. Sure enough the Communists struck with unexpected power during the 1968 Tet holidays.

It's true the CIA claimed that the bombing of North Vietnam had not disrupted the flow of supplies down the infiltration routes into the south. Sure enough, the Communists launched an unexpected, powerful offensive in March, 1972.

It's true the CIA warned that the mining of Haiphong

harbor and the renewed bombing of the north wouldn't keep the North Vietnamese forces from getting all the supplies they needed. This estimate, too, was subsequently verified.

Of course, the CIA wasn't always right. It badly underestimated the flow of Communist supplies through the Cambodian port of Sihanoukville and, therefore, discounted the need for invading Cambodia.

The CIA also upset the White House by disputing then Defense Secretary Melvin Laird's statement to Congress in 1969 that the Soviets had succeeded in installing multiple warheads on the giant SS-9 missile, each warhead capable of hitting an independent target. The White House wanted Congress to believe Laird and to vote for more defense funds.

In the future, however, it appears that the CIA will be less likely to disagree with the White House.

Footnote: A CIA spokesman said that Schlesinger's shake-up is intended to reduce unnecessary costs, remove the deadwood and increase efficiency. In part, this undoubtedly is true.

Washington Whirl

ITT Again—The sprawling ITT conglomerate, already in hot water with Congress over its dealings in Chile, has a new problem closer to home. ITT

promised the Securities and Exchange Commission to tell its prospective mutual funds customers about its legal difficulties. The disclosures were supposed to have gone out in an amended pamphlet, dealing with ITT's Hamilton Fund, on Jan. 19. We sent a representative to ITT's mutual fund office in nearby Virginia to pick up copies. We found it still doesn't warn buyers about the legal problems. At Hamilton's headquarters in Denver, a spokesman said any reneging on the promise to SEC must be "a failure in the field."

Message to Muskie — The presidents of General Motors, Ford and Chrysler have paid separate, private calls on Sen. Ed Muskie (D-Maine) to enlist his support for delaying the 1975 deadline when anti-pollution devices must be installed on automobiles. Democratic National Chairman Robert Strauss, whose law firm represents Chrysler, also spoke to Muskie about his meeting with Chrysler's President John Riccardo. Muskie told us that Strauss asked no favors but merely mentioned the meeting. In any case, the visits from the auto tycoons didn't impress Muskie. As chairman of the Senate Subcommittee on Air and Water Pollution, he is preparing to blast the auto manufacturers for not moving faster to meet the anti-pollution standards.

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U.S. Helped Beat Allende in 1964

By Laurence Stern
Washington Post Staff Writer

Major intervention by the Central Intelligence Agency and the State Department helped to defeat Socialist Salvador Allende in the 1964 election for president of Chile, according to knowledgeable official sources.

American corporate and governmental involvement against Allende's successful candidacy in 1970 has been the controversial focus of a Senate Foreign Relations subcommittee investigation into the activities of U.S. multinational companies abroad.

But the previously undisclosed scale of American support for Christian Democrat Eduardo Frei against Allende six years earlier makes the events of 1970 seem "like a tea party" according to one former intelligence official deeply involved in the 1964 effort. Up to \$20 million in U.S. funds reportedly were involved, and as many as 100 U.S. personnel.

The story of the American campaign, early in the Johnson administration, to prevent the first Marxist government from coming to power by constitutional means in the Western Hemisphere was pieced together from the accounts of officials who participated in the actions and policies of that period.

Cold war theology lingered, and the shock of Fidel Castro's seizure of power in Cuba was still reverberating in Washington. "No more Fidels" was the guide-

See CIA, A12, Col. 1

post of American foreign policy in Latin America under the Alliance for Progress. Washington's romantic zest for political engagement in the Third World had not yet been dimmed by the inconclusive agonies of the Vietnamese war.

"U.S. government intervention in Chile in 1964 was blatant and almost obscene," said one strategically placed intelligence officer at the time. "We were shipping people off right and left, mainly State Department but also CIA with all sorts of covers."

One of the key figures in the 1964 intervention was Cord Meyer Jr., the redoubtable Cold War liberal. He directed the CIA's covert programs to neutralize Communist influence in important opinion-molding sectors

such as trade unions, farmer and peasant organizations, student activists and communication media.

At least one conduit for CIA money, the International Development Foundation, was employed in the 1964 campaign to subsidize Chilean peasant organizations according to a former official who was responsible for monitoring assistance to Chile from the Agency for International Development.

One former member of the IDF board, who quit when he discovered it was financed by the CIA, said: "Some of us had suspected for a long time that the foundation was subsidized by the agency. Then it finally surfaced, and it was impossible to continue serving on it. Nonetheless, what they were doing was consonant with President Kennedy's policies in the alliance — political development."

The foundation is still in existence, although its CIA funding was terminated. It now is financed by AID appropriations.

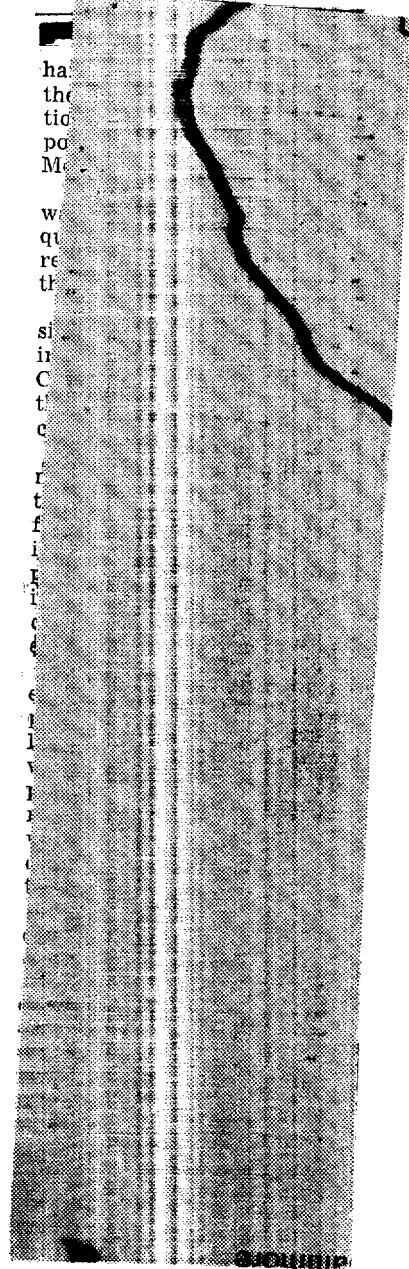
Covert financing was arranged for a newspaper friendly to the political interests of Christian Democrat Frei. "The layout was magnificent. The photographs were superb. It was a Madison Avenue product far above the standards of Chilean publications," recalled another State Department veteran of the campaign.

One former high-ranking diplomat said CIA operations at the time were bypassing the ambassador's office despite the 1962 Kennedy letter issued by the late President after the Bay of Pigs debacle in Cuba. The letter designated ambassadors as the primary authority for all U.S. operations within their countries.

"I remember discovering one operation within my last week of service in Chile that I didn't know about. The boys in the back room told me it was 'deep cover' and I told them: 'You guys were supposed to tell me everything,'" the former diplomat reminisced.

AS the 1964 election campaign unfolded in Chile, the American intelligence and diplomatic establishments were divided from within over whether to support Frei or a more conservative candidate, Sen. Julio Duran.

CIA's traditional line organization, centered in the Western Hemisphere division and working through the traditional station chief structure, favored Duran initially. So did then Ambassador Charles Cole and the bulk of top State Department opinion. The remaining Kennedy administration policymakers, on the other



GENERAL FAVORS INTELLIGENCE CUT

He Charges Duplication By Civilians and the Military

By WILLIAM BEECHER
 Special to The New York Times

WASHINGTON, April 10 — A top military intelligence officer, writing in an unofficial Army journal, has called for reducing "duplicative" analyses by civilian intelligence agencies of threats facing the United States.

The proposal, by Maj. Gen. Daniel O. Graham, currently holding a high post with the Defense Intelligence Agency, was pictured in some news reports today as probably pre-empting a substantial cutback of those analysts at the Central Intelligence Agency who have been preparing independent appraisals of threats.

The supposition presumably stems from the fact that General Graham will soon take a senior position at the C.I.A.

But senior Pentagon officials and others in the intelligence community discounted the thrust of the news reports, insisting that no such changes were in prospect.

Appointed Expected Soon

General Graham, now deputy director for estimates of D.I.A., is reportedly slated soon to chair an interagency committee under Dr. James R. Schlesinger, the new Director of Central Intelligence.

Writing in the current issue of Army Magazine, a publication of the Association of the United States Army, he blamed past military overestimates and scare tactics for causing national policymakers to turn increasingly to civilian intelligence agencies like the C.I.A. and the State Department's Bureau of Intelligence and Research.

"The trend toward independent analysis has been gathering over the past 10 years, and there are now analytical staffs in the civilian intelligence community paralleling those of the Defense Intelligence Agency on almost every military intelligence subject," the article said.

But the general argued that a basic reorganization of D.I.A. in 1970, the rise of better quality military and civilian analysts in the agency and the relatively recent realization of military leaders that they should not try to bend intelligence to support their pet projects has improved the quality of strategic military estimates.

"There was a time," he said, "when the rule-of-thumb for acceptability of threat estimates among planners was 'the bigger the better.' Intelligence estimates which failed to maximize enemy threats in both sum and detail were lifely to draw fire as 'wishful thinking.'"

"More often than not, military intelligence people came to heel under such criticism and stumped hard for the 'worst case' view. Those old attitudes are waning now, and simplistic demands for the scariest possible threat estimates are much less prevalent among users. Some hard lessons have been learned."

As an example of how such "worst case" estimates may be counter-productive, General Graham said that, in the context of negotiations over strategic arms limitations with the Soviet Union, there is "the very real possibility of trading off actual, friendly capabilities for enemy 'capabilities' existing only on paper in our own intelligence estimates."

But with the improvements in organization, manpower and attitude that General Graham said had been made, he declared that "the time is ripe for the military profession to reassert its traditional role in the function of describing military threats of national security."

He concluded, "While there will always be a legitimate reason for independent judgments from outside (the Defense Department) on issues of critical importance to national decision-makers, there is no longer a need, in my judgement, to duplicate D.I.A.'s efforts in other agencies."

Pentagon sources said that General Graham wrote his article last December, before he was approached to join the C.I.A. The article was cleared for publication by the Office of Security Review.

Jerry W. Friedheim, who was nominated today to become Assistant Secretary of Defense for public affairs, said that the article represented the Pentagon's views. But he added that "a little bit of duplication is a good thing."

Other officials, in an out-of-the-Pentagon, said that the C.I.A. and other agencies would continue to make independent analyses which, along with the estimates of the D.I.A., would be studied by the United States Intelligence Board each fall.

Proxmire Urges Cuts

WASHINGTON, April 10 (AP) — Senator William Proxmire, Democrat of Wisconsin, said today that the United States intelligence community employed about 148,000 persons and spent \$6.2-billion each year.

Renewing his call for drastic cuts in the cost of American spying and covert activities overseas, he urged Dr. Schlesinger, the Central Intelligence Director, to make public the Government's entire intelligence budget, which has always been secret.

He said that he believed that the intelligence establishment had swollen out of proportion to national defense needs.

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THE WASHINGTON POST Saturday, April 14, 1973 B 11

CIA-Inspired Tibet Raids Wind Down

By Jack Anderson

In mountainous Nepal, least bloody war is winding America's least known and down. The warring tribesmen and the Central Intelligence Agency, which recruited them, are losing interest in the adventure.

After the fleece-clad Red Chinese legions crushed a revolt in Tibet in 1959, the fiercest of the Tibetan clans fled on wiry ponies into the high fastness of Nepal.

CIA agents slowly gained the confidence of the mountain fighters, known as Khampas or "warriors" and began organizing them against the Chinese. In the cloud-capped regions of Mustang and Dolpa the Khampas were outfitted with American saddles, small arms and other equipment.

Then, out of the craggy highlands, they swooped down into Chinese military encampments in Tibet, disrupting communications and stealing supplies. This distressed the Nepalese authorities, who never authorized the raids and feared Chinese retaliation.

We spoke to sources who were invited to participate in a raid on Chinese army facilities in Tibet. The Khampa leader claimed he learned his English and was trained in guerrilla tactics in the United States.

In past years, Indian intelli-

gence agents were used to parachute American supplies to the Khampas' mountain bivouacs. The bright orange supply parachutes were converted into shirts by the Khampas and quickly became a "Red Badge of Courage" in Tibetan refugee restaurants in Khatmandu.

But now the Tibetan refugees, when they gather in the restaurants for marijuana stew and cakes, are forlorn. The American aid is drying up, and the Khampas have to depend on the penurious Indian intelligence services for supplies. This has so weakened them that the Nepal government, branding them "bandits," has been able to move them from the border areas. Now when the tribesmen feel war-like, they prey on peasants instead of Chinese soldiers.

Thus has a faraway war flared up and died down, virtually unknown to the American people, whose dollars supported it and whose secret agents encouraged it.

Washington Whirl

Campaign Finances—We recently reported that most of the Nixon scandals, from ITT to Watergate, were outgrowths of the 1972 presidential campaign and the corruptive method of financing politics in this country.

We suggested that the taxpayers would be better off if

they earmarked a dollar of their taxes for the political party of their choice. They can do this simply by filling out the Presidential Election Campaign Statement, Form 4875.

But a spot check by IRS disclosed that only two of 29 employees, assigned to assist taxpayers with their returns, bothered to inform the taxpayers of the campaign checkoff. This would seem to confirm Democratic National Chairman Robert Strauss' complaint that IRS, under Republican rule, is de-emphasizing the dollar contribution because it would give the debt-ridden Democrats an even financial break with the Republicans in the 1976 presidential election.

Where's the Jewelry?—In 1968, the prestigious Smithsonian Institution obtained a collection of precious 19th Century jewelry. The national curators were so excited that the 1969 Smithsonian report promised "a spectacular jewelry exhibition" and, as a teaser, showed illustrations of three gem-laden brooches. But instead of becoming part of a grand display, 150 pieces of the historic jewelry that seemed so irreplaceable in 1969 have been auctioned off in Geneva for some \$140,000.

Sold, for example, was awesome jewelry that once belonged to J. P. Morgan. The public wasn't told about the auction; indeed, the auction catalogue identified the seller

only as "an American institution."

We asked the Smithsonian why the treasure hadn't been loaned out to less fortunate museums instead of consigned for display on the bosoms of rich men's wives. A spokesman explained that the collection had been acquired with the intention of auctioning it off, that the Smithsonian had netted about \$30,000 on the sale and had retained a small, representative assortment of the gems.

Perjury Probe—A year after the celebrated ITT hearings, the Justice Department is finally getting around to investigating who committed perjury. The FBI has been assigned, for example, to rewrite the history of the infamous Dita Beard memo.

Agent James Elder has called upon Susan Lichtman, Mrs. Beard's former secretary, who typed the memo. He asked whether her affidavit, claiming she didn't recall typing all portions of the damaging memo, was "in your words and in your language?" She acknowledged it had been prepared for her by an ITT attorney. The FBI is also planning to question ITT employees Beverly Sincavage and William Merriam. But the investigation hasn't reached as high as former Attorney General John Mitchell, who has been caught in the most glaring inconsistencies.

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C.I.A. Trained Tibetans in Colorado, New

Special to The New York Times

WASHINGTON, April 18—The Central Intelligence Agency set up a secret base in the Colorado Rockies to train Tibetan guerrillas in mountain warfare in the late nineteen-fifties, when there was an uprising against Chinese rule in Tibet, a new book discloses.

In the book, "The Politics of Lying," David Wise, the author, said that the agency began training Tibetan refugees recruited in India in 1958 in a deserted World War II Army base near Leadville, Colo. The operation continued into the early months of the Kennedy Administration, he said.

A spokesman for the agency said that there would be no immediate comment on the report.

Mr. Wise, the former Washington bureau chief of The New York Herald Tribune and co-author of "The Invisible Government," a 1964 book about the Central Intelligence Agency, wrote that the Tibetan training program apparently ended abruptly in December, 1961, six months after the Bay of Pigs fiasco and a few days after its cover was almost blown in an airport near Colorado Springs.

Delayed by Bus Accident

"Ironically, it was the snow and the mountains — the very factors that led the C.I.A. to select Colorado for the training base — that almost caused the operation to surface," Mr. Wise wrote. A group of Tibetan trainees were loaded aboard a bus at the Army camp for a 130-mile trip to a nearby airfield in Colorado Springs, where a large Air Force jet was waiting to quietly fly them out of the country before dawn.

"But coming down the mountain," Mr. Wise wrote, "the bus skidded off the road in the snow. As a result of the delay caused by the accident, it was daylight when the Tibetans arrived at the field."

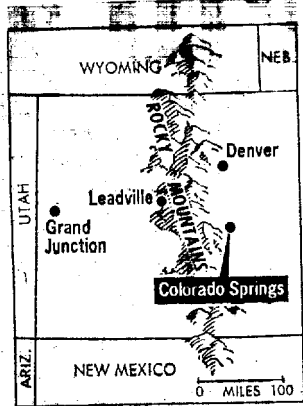
Once there, the book went on, overzealous military security officials herded the airport's employes around at gunpoint, but not until at least one of them saw the Tibetans board the jet.

Complaints to the local sheriff were made about the manhandling of the civilians, and a few newspaper articles describing the bizarre encounter were published in Colorado Springs and Denver. But, Mr. Wise wrote, the full implications of the incident did not become public.

When a reporter for The New York Times subsequently began a routine inquiry, based on a brief news-agency dispatch about the incident, the book said, the office of Robert S. McNamara, who was then Secretary of Defense, telephoned the Washington Bureau of The Times and asked that the story not be used because of "national security" reasons.

The Times acquiesced, Mr. Wise wrote, in line with the general newspaper practice in those years of not challenging the Government's definition of "national security."

The two top news officials in Washington for The Times in 1961, the bureau chief,



The New York Times/April 19, 1973

Camp reportedly was in Rockies 130 miles from city of Colorado Springs.

James Reston, and the news editor, Wallace Carroll, said yesterday that they did not recall the incident. Mr. Reston is now a vice president and columnist for The Times, and Mr. Carroll is editor and publisher of the Journal and Sentinel in Winston-Salem, N. C.

Jack Raymond, who was defense correspondent for The Times in 1961, said yesterday that "I do remember at the time knowing about the incident and I don't recall what prevented me from writing about it."

Mr. Raymond, who is now associated with the Aspen Institute for Humanistic Studies in New York, added in a telephone interview, "I'm inclined to think that I didn't have enough information about it to write a story. I have no immediate recollection of being thrown off the story by anybody."

'Nerve-Racking Moments'

In his book, Mr. Wise wrote that the issue caused some "nerve-racking moments" at the Central Intelligence Agency's new \$46-million headquarters in Langley, Va., because the incident occurred a week after President Kennedy announced the appointment of John A. McCone as the new Director of Central Intelligence. Mr. McCone replaced Allen W. Dulles, whose resignation was accepted after the Bay of Pigs incident, Mr. Wise wrote.

The dispute between Tibet and China began in the 13th century, Mr. Wise wrote, with China periodically claiming Tibet as part of her territory. Mainland China was taken over by Communist forces led by Mao Tse-tung in 1949, and in 1950 Chinese troops marched into Tibet.

In May, 1951, the Chinese signed an agreement with the Dalai Lama government for the occupation of Tibet, pledging not to alter the existing political system in Tibet or the powers of the Dalai Lama. However, the agreement also provided for Chinese control through the appointment of a military and administrative committee.

During the mid-nineteen-fifties, however, Mr. Wise wrote, Tibetan guerrillas began

larger warfare against the Chinese and officials of the Central Intelligence Agency "concluded that the situation offered an ideal opportunity" for covert United States aid.

In March, 1959, the Dalai Lama was forced to flee over high mountain passes to India after a Chinese mortar attack on his palace. Mr. Wise asserted, Intelligence officials later concluded Mr. Wise wrote that some of the guerrillas who had been trained in the Colorado Rockies had been responsible for guiding the Dalai Lama to safety.

When warfare broke out in Tibet after the escape, Mr. Wise reported, and thousands of Tibetans were killed and the Dalai Lama's government was dissolved by the Chinese. India's decision to grant sanctuary to the Dalai Lama also increased the pressure between

that nation and China, the book said.

The secret training operation was hardly a success, Mr. Wise wrote, because the guerrillas "infiltrated into Tibet by the C.I.A. were attempting to harass the Chinese, not to free the country; in the long run it is doubtful that they made very much difference. Since 1961 Communist China has tightened its grip on Tibet." Tibet, like other areas largely populated by ethnic minorities, now has the status of an autonomous region within China.

"Would the nation's security have been endangered if the story of the Tibetan operation had been disclosed in 1961?" the book asked. "In the wake of the Bay of Pigs, Kennedy ordered two separate investigations of the C.I.A., and he struggled to take tighter control over the agency's opera-

tions by changing its top leadership."

Publication of the story might have focused public attention on a number of important issues, Mr. Wise suggested, "including the basic question of whether tax money would be used to finance clandestine intelligence operations." A second issue, he added, was whether the agency had a legal basis for operating a secret training base in the United States.

Finally, Mr. Wise wrote, that "disclosure might also have led to a public examination of such important questions as whether President Eisenhower approved the Tibetan operation, whether President Kennedy was aware of it or approved it, and whether the 'watchdog' committees of the Congress had had any knowledge of what was going on in Colorado."

A Sense of Deja Vu at CIA

Watergate Disclosures Raise Questions

"We were not involved because it seemed to me that was a clear violation of what our charter was."

Richard M. Helms, Feb. 7, 1973

"Dick Helms was most cooperative and helpful."

Tom Charles Huston, July 1970

By Laurence Stern

Washington Post Staff Writer

In the vernacular of courtroom melodrama, someone was dissembling.

It was either Richard M. Helms, the respected former director of the Central Intelligence Agency, or was it Tom Charles Huston, the White House architect of the controversial 1970 domestic intelligence plan.

The conflict was rooted in an appearance by Helms before a closed session of the Senate Foreign Relations Committee last February 7.

Helms was being questioned by Sen. Clifford P. Case (R-N.J.). It had come to his attention, said Case, that in 1969 or 1970 the White House asked that all the

national intelligence agencies pool resources to learn all they could about the anti-war movement.

"Do you know anything," he asked Helms, "about any activity on the part of the CIA in that connection? Was it asked to be involved?"

Replied Helms: "I don't recall whether we were asked but we were not involved because it seemed to me that was a clear violation of what our charter was."

"What would you do in a case like that? Suppose you were?" Case persisted.

"I would simply go to explain to the President this didn't seem to be advisable," said Helms.

"That would end it?"

"Well I think so, normally," Helms concluded.

Case's prescient question was posed nearly four months before the public leak of Huston's memoranda describing for the first time the intensive domestic surveillance

See CIA, A9, Col. 1

program approved and then, allegedly, rescinded by President Nixon five days later.

The Huston papers implicated Helms and his agency in the 1970 intelligence plan so directly that the word perjury was being uttered in Senate offices by those who were privy to the secret testimony given by Helms in February.

One of Huston's top secret memoranda, addressed to former presidential chief of staff H. R. (Bob) Haldeman, reported: "I went into this exercise fearful that CIA would refuse to cooperate. In fact, Dick Helms was most helpful..."

Huston also reported that top CIA officials joined in meetings with other intelligence agencies to draft the 1970 intelligence report.

By the time the Huston documents surfaced and the contradiction became apparent, Helms had returned to his ambassadorial post in Iran. He was never publicly confronted on the conflict between his own testimony that "we were not involved" and Huston's assertion that "Dick Helms was most cooperative and helpful."

Yet here was compelling new evidence that the CIA had been involved in domestic security matters which, by Helms' own admission, violated the agency's congressional charter. The 1947 National Security Act establishing the CIA decreed that it "shall have no police, subpoena, law enforcement powers, or internal security functions."

Incidents such as these breed a sense of frustration, if not political impotence, among those on Capitol Hill who have sought to place in the hands of Congress the countervailing power of oversight on CIA operations.

"The Old Boy business is so depressing," complained one senior Senate staff specialist in CIA matters. "The Helms performance was a love-in when they should have been blowing him out of the water."

Time and time again since its inception 26 years ago, the CIA has been caught with its cloak and dagger showing in the wrong places at the wrong time.

Six years ago the agency was rocked by its last major

intelligence scandal—the disclosure that it had been secretly funding and infiltrating student associations, universities, labor unions, church groups and diverse other private organizations. Tens, perhaps hundreds of millions of dollars in public funds were distributed without public accounting to influence the views and activities of supposedly independent organizations in the United States and abroad.

The money was circulated through a network of tax-exempt foundations operated, in many cases, by an influential elite of bankers, lawyers and industrialists who provided a massive and respectable cover.

If ever there were grounds for a wholesale congressional review of the CIA's role in the public and private business of the country, the 1967 episode would seem to have provided the occasion.

"I'm not at all happy about what the CIA has been doing," said then Vice President Hubert H. Humphrey, "and I'm sure that out of this very singularly disagreeable situation will come a reformation of that agency."

But nothing changed basically.

President Johnson appointed a study commission, headed by then Under Secretary of State Nicholas DeB. Katzenbach, which reported back speedily that the CIA had been following the orders of the National Security Council in carrying out the covert financing scheme.

The Katzenbach panel called for a modest reform. It proposed a prohibition on CIA funding to educational, philanthropic and cultural organizations such as the ones the agency had been secretly funding. But it also suggested a loophole under which such grants could be made to serve "overriding national security interests." Helms was one of the three panel members.

Less than a year after the secret funding scandal broke, a group of Old Boys met in January, 1968 under the auspices of the prestigious Council on Foreign Relations to take stock of the agency's somewhat battered public position. The elite panel included the late

CIA director Allen Dulles, international financier C. Douglas Dillon and two former heads of the agency's Plans (famously known as "dirty tricks") Division.

While the public rhetoric promised reform and tighter safeguards on CIA operations, the focus of the off-the-record discussion at the council's New York offices was altogether different. This was the private diagnosis presented to the group by Richard M. Bissell Jr., who was the CIA's chief of covert operations during the Bay of Pigs debacle:

"On disclosure of private institutional support of late it is very clear that we should have had greater compartmenting of operations. If the agency is to be effective, it will have to make use of private institutions on an expanding scale, though these relations which have been 'blown' cannot be resurrected.

"We need to operate under deeper cover, with increased attention to the use of 'cut outs' (agency fronts) ... The CIA interface with various private groups, including business and student groups must be remedied."

Bissell's comments were never intended for public consumption. But a record of the discussion was found in an university official's office during a 1968 student raid in Cambridge, Mass.

The issue, as privately defined among these blue ribbon members of the intelligence community, was not reform. It was how to do it better and how not to get caught.

Now the agency is in hot water again in the aftermath of the Watergate scandal, the Ellsberg affair and the CIA's involvement with ITT in the 1970 Chilean presidential election.

For the first time the American public learned of CIA "safe houses" for covert operations within the shadow of the National Cathedral in one of Washington's prime residential districts. There have been revelations of domestic political espionage teams composed of ex-CIA employees.

The agency also seems to be a dispensing center for "sterile" phone numbers, spy cameras, mail drops, wires and tape recorders—no questions asked—when ap-

proached through proper White House channels.

The most serious lesson of the recent disclosures is that the agency and the White House national security managers have not been cured of the penchant for entanglement in domestic affairs.

And Congress, in deference to the agency's mystique of national security untouchability, has been reluctant to press hard questions.

One such question might be the role of the CIA's Domestic Operations Division, which was created nearly 10 years ago and which has been publicly mentioned in the press and at least one serious study of the CIA, The Espionage Establishment by David Wise and Thomas Ross.

There might also be questions about the nature of the super-secret National Security Intelligence Directives (known in intelligence parlance as Enskids) by which the powers of the agency have been gradually expanded far beyond their original charter for foreign intelligence gathering.

During the confirmation hearing last week for William E. Colby, the nominee to head the agency, acting Senate Armed Service Committee chairman Stuart Symington (D-Mo.) asked Colby about the NSC directives. Colby suggested that the matter was too sensitive for public discussion.

One of these directives, NSCID 7, empowered the agency to question persons within the United States and to interview American travelers to and from Communist countries, Wise and

Ross wrote. It also established the basis for the CIA front groups and fund conduits which were "blown" in the 1967 disclosures.

The prevailing tone of Congressional oversight of the intelligence community was expressed during a 1971 debate by Sen. John C. Stennis (D-Miss.), the senior congressional overseer of CIA activities.

"As has been said, spying is spying," Stennis said. "You have to make up your mind that you are going to have an intelligence agency and protect it as such, and shut your eyes some and take what is coming."

In recent weeks the agency has been subject to heavier congressional scrutiny than ever in its history as a result of the Watergate disclosures. Five committees, four in the Senate and one in the House, have been looking at various aspects of agency operations as they related to Watergate, ITT, Ellsberg and the 1970 intelligence plan.

But a searching and systematic examination of how the CIA functions and how deeply its operations intrude into the internal affairs of the United States does not seem likely to emerge from this spate of overlapping investigations.

For those who have over the years watched the cycle of exposure, public penitence and demands for curbing the excesses of the CIA's covert activities there is a strong sense of *deja vu* at the moment. The agency, for its part, is "toughing it out" until the clamor subsides once again.

The Washington Merry-Go-Round

THE WASHINGTON POST Friday, July 20, 1973 D 19

Cut in Gasoline to U.S. Eyed in Europe

By Jack Anderson

In a secret dispatch from Belgium, the Central Intelligence Agency has reported ominous talk of curtailing the flow of gasoline to America in retaliation for the U.S. embargo on soybeans.

The U.S. produces 90 per cent of the soybeans in world trade. These yellow beans are both the cheapest and richest source of protein available. This makes them essential to the nourishment of people from Mexico to Japan.

The worldwide demand for soy meal, however, has exceeded the supply. President Nixon, therefore, has slapped strict controls on soybean exports.

But the U.S. is at the other end of the pipeline on gasoline. The flow of gasoline to the United States passes, in large measure, through the refineries of Europe.

Now the Europeans are citing the U.S. soybean embargo, according to the CIA, as a precedent for reducing gasoline shipments to a U.S. already short of gas.

Murphy's Retainer—Genial

George Murphy, the former screen star who made it to the Senate, is in trouble again because of his "consulting."

He lost his Senate seat to Sen. John Tunney (D-Calif.) in 1970 after we reported that Murphy had been drawing \$20,000 a year as a "consultant" for Technicolor, Inc., while serving in the Senate. Technicolor also paid half the rent on Murphy's apartment and provided him with handy credit cards.

It happened that Technicolor was run by Patrick J. Frawley Jr., who often used company funds to push extreme right-wing causes.

Now Murphy is back in the consultant business. His firm was paid \$3,000 this year for two months of "consulting" over a bilingual children's television project sponsored by the Office of Education.

An interim audit of the television project is highly critical of the retainer paid to Murphy's firm. "We found no documentation to support the \$3,000 in retainer fees," states the confidential report.

Murphy insisted to us, however, that he made 40 or 50

phone calls and personally "interceded" with Health, Education and Welfare Secretary Caspar Weinberger in behalf of the project.

As for the \$3,000 consulting fee, he said: "They got the best buy in Washington in many a moon."

Footnote: The auditor also sharply criticized other aspects of the bilingual children's television project. They recommended that \$489,935 in expenditures be "disallowed," and questioned the allocation of another \$552,657 spent to set up a television show similar to "Sesame Street" for Spanish-speaking children. The auditors also complained of exorbitant travel and salary expenditures.

Who's Listening — Sen. Barry Goldwater (R-Ariz.) wasn't surprised to learn that President Nixon has been bugging all conversations in the Oval Office. Explained a Goldwater aide:

"One conversation he had in the Oval Office was reported so precisely by Jack Anderson that he felt there had to be a recording device in operation

at the time. There was not a comma out of place."

It's true we printed verbatim quotes from a secret White House strategy session that Goldwater attended last year. Here are excerpts:

"We are going to have a wild card in the game now and then," the President explained to party leaders. "I thought I would invite some member of Congress, who is not in the leadership, to come to the meeting from time to time."

Then he introduced Goldwater as the first special guest.

"I knew I would make it sometime," said Goldwater, who lost the 1964 presidential election.

"Would you like to change chairs?" offered the President. "Not after what I've seen," said Goldwater.

Our story went on to report what was discussed at the meeting. The verbatim quotes, we are happy to reassure Goldwater, did not come from the President's secret tapes. We had a copy of the secret minutes.

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The Washington Merry-Go-Round

THE WASHINGTON POST Tuesday, August 21, 1973 B13

Grain Companies Rake In Subsidies

By Jack Anderson and Les Whitten

A handful of giant grain companies reaped \$333 million in federal subsidy payments at the same time that they were making windfall profits from sales in the Russian wheat deal.

The massive sales profits grabbed off by the wheat barons have already been documented: the traders bought cheap on the basis of private information, then sold dear when the magnitude of the deal drained wheat supplies. Their shenanigans helped drive up the prices of meat, dairy and bakery goods.

Now, the Senate Investigations Subcommittee under Sen. Henry Jackson (D-Wash.) has documented how the grain merchants chiseled the taxpayers through subsidies.

A secret staff memo meant for Jackson's eyes only asserts that "the expert subsidy program cost American taxpayers \$333 million in agricultural subsidies in connection with the Russian grain deal." Much of the gouging was accomplished through dubious paper transactions.

Under the export subsidy system, the government pays the U.S. seller the difference between the high price he could get in the U.S. market and the lower price he would get from the foreign buyer.

For example, if the seller could get \$3 a bushel in the U.S., but only \$2.75 in Europe, the government pays the U.S. seller 25 cents a bushel. The government promotes such deals to improve our balance of trades and bolster the dollar.

At the time of the Russian wheat deal late last summer, subsidies had soared to 47 cents a bushel — the difference between the U.S. price of \$2.10 and the foreign price of \$1.63. The Jackson memo details how the grain companies used this situation to collect massive amounts in subsidies by clever manipulation.

"For example, we have information that one company (Cargill) sold wheat to its wholly-owned South American affiliate (Tradex-Panama). The company collected the subsidy when it showed proof of shipment to its affiliate.

"The affiliate then sold the wheat to another affiliate in Geneva which thereupon made a final sale for \$2.20 (a bushel) or 10 cents above the American price."

In other words, Cargill sold wheat to its affiliate in order to cash in on the high subsidy. Then Cargill made a profit when its affiliate sold the wheat. The profit was recorded by the foreign affiliate, and sheltered from U.S. taxes.

"As far as we can tell, Jackson's investigators discovered, "the wheat never left the ship on which it was origi-

nally loaded, and all transfers were mere paper transfers.

"This practice was repeated numerous times as (The Department of Agriculture) blindly maintained unnecessary subsidies which pushed up the price of wheat and ultimately the retail cost of food to the American taxpayer."

Footnote: A Cargill spokesman conceded to our associate Jack Cloherty that transactions with affiliates occurred, and that subsidies were collected. He defended the system as necessary for the U.S. to compete on the world market. He denied that Cargill had profited.

Spooky Censors — So far, the Central Intelligence Agency has successfully blocked publication of a CIA expose by ex-agent Victor Marchetti. Now, State Department censors are trying to get a copy of the manuscript from its co-author, John Marks, formerly a State Department employee.

Among the manuscript's secrets: the CIA ordered an informal boycott of a Chinese restaurant in Washington because "Jack Anderson is one of its owners." (In fact, I have a small interest in a Chinese restaurant.)

The book also discloses CIA "spooks" in Chile and CIA misuse of funds.

Watergate Music — Seattle's KIRO radio has banned a humorous record called "Haldeman, Ehrlichman, Mitch-

ell and Dean" by a group called "The Creep."

The ban was ordered after the station received calls to the station attacking John Ehrlichman, who has just resettled in Seattle with his family.

The station explained to us it feared the record ("Just when we were getting to be well-to-do, the Watergate turned into our Waterloo") might stimulate assaults on the former White House aide's family or prejudice action by local lawyers to disbar him.

Typewriter Crusader — The taxpayers of College Park, Ga., have been rendering unto Billy Graham that which is the College Park High School's.

Despite separation of church and state, the school shipped off 25 of its typewriters to Atlanta for temporary use in Graham's crusade. School principal Joseph Bostardi explained it was "a valuable community service" which he would gladly repeat.

Belli to Han? — Famed lawyer Melvin Belli tells us he will fly to Hanoi to get copies of all POW prison records if the U.S. court martials his ex-POW client, Marine Lt. Col. Edison Miller. Miller is charged by another POW, Navy Rear Adm. James Stockdale, with cooperating with the Communists.

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