

SECRET

9 February 1981

MEMORANDUM FOR THE RECORD

Staff Meeting Minutes of 9 February 1981

The Director was in the chair. [redacted]

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[redacted]

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[redacted] noted three articles which appeared in the press over the weekend which pertain to the Agency or the Director. They were Seymour Hersh's article on the overthrow of Allende, The London Sunday Times interview with Secretary of State Haig, and The New York Times story on terrorism (attached). In response to the Director's question about how the information in these stories got out, [redacted] said the officials providing the information were not identified, but it was certain that no one from the Agency was involved. The Director questioned the value and appropriateness of Admiral Turner's appearance on "60 Minutes." The Director said his policy on talking with the press was that the CIA was in business to collect information not to give it out. Clarke discussed the NFAC/press relationship and said he is attempting to cut back on the number of contacts analysts have with reporters. The Director agreed this was a good idea but said that there may be some times when contact with the press is beneficial for the Agency. [redacted]

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Clarke reported that the Soviet First Deputy Minister of Defense is in Cuba probably to discuss the situation in Latin America and Africa as well as Soviet/Cuban and Soviet/U.S. relationships. [redacted]

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[redacted]

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Clarke reported that the Soviets are building new facilities at Cam Ranh Bay. These are the first major improvements since the Soviets began using Cam Ranh Bay in 1979. [redacted]

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[redacted]

Clarke mentioned to the Director that NFAC had prepared a paper on Guatemala for his use at breakfast with Secretary Haig on 10 February. In response to Clarke's question about additional material, the Director said he could think of nothing further he would need, but if he did he would contact NFAC.

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Fitzwater said the reaction to the Director's address in the Auditorium last week was good.

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In response to the Director's question about the paper on the freeze exemption, Fitzwater said that the paper is in good shape and that he was convening a meeting of senior officials after the staff meeting to discuss the final paper.

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The Director announced that for the immediate future staff meetings would be held on Monday, Wednesday, and Friday. He hoped that in the future they could be held once a week.

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Attachments:
As stated

ARTICLE APPEARED
ON PAGE A-1NEW YORK TIMES
9 FEBRUARY 1981

New Evidence Backs Ex-Envoy on His Role in Chile

By SEYMOUR M. HERSH

For six years Edward M. Korry, United States Ambassador to Chile from 1967 to 1971, has insisted that he was not involved in and indeed tried to stop White House efforts to induce a military coup in Chile in 1970 to prevent Dr. Salvador Allende Gossens, a Marxist, from assuming the presidency.

Evidence has come to light suggesting that Mr. Korry, despite his strong opposition to the Allende candidacy, was frozen out of the planning for a proposed military coup and warned the White House that it would be risking another "Bay of Pigs" if it got involved in military plots to stop Dr. Allende's election.

Mr. Korry has not worked in his professions, journalism or public affairs, since 1974, two years after the columnist Jack Anderson published International Telephone and Telegraph Corporation documents that seemingly linked Mr. Korry to joint I.T.T.-Central Intelligence Agency operations to block Dr. Allende's election.

Mr. Korry expressed particular bitterness toward The New York Times for what he said was unfair reporting about his role in articles in 1974 that revealed the C.I.A.'s activities in Chile and in refusing in later years, despite his entreaties, to investigate his actions accurately.

Mr. Korry, who lives with his wife in Stonington, Conn., insists that his sullied reputation and his early inability to get appropriate work stem from publication of the I.T.T. documents and from two subsequent widely publicized investigations by Senate committees. He is now a visiting professor of international relations at Connecticut College in New London.

Much of the new evidence, including highly classified internal C.I.A. documents, was provided by a former intelligence official who had direct knowledge of the agency's activities against Dr. Allende, who died in the course of a military uprising against him in 1973. Corroborating information was obtained in interviews with other C.I.A. and White House officials. Internal documents provided by the C.I.A. to the Senate Select Committee on Intelligence — and not published by the committee in its reports in 1975 on Chile — have also been obtained. Finally, Mr. Korry made available some of his private communications with Washington during the 1970 election period.

These materials raise new questions about the extent of C.I.A. operations in Chile in 1970 and the efficacy of the Senate committee's investigation. For exam-

ple, an "eyes-only" internal C.I.A. report, filed in early 1971 and not provided to the Intelligence Committee, shows that senior agency officials were aware that an operative had entered Chile under a false passport and posed as a member of the Mafia in making contact with anti-Allende forces.

In another internal 1971 report, William V. Broe, then chief of the agency's clandestine service in Latin America, was formally advised that an operative had posed as a representative of the Ford Foundation and the Rockefeller Foundation while on special assignment to Chile in October 1970 — a tactic in violation of a Presidential prohibition against the use of American educational and philanthropic foundations as covers. The operative, in later meetings with Chilean businessmen, made it clear, according to the C.I.A. documents, that "as a representative of American business interests," he was eager "to activate a military takeover of the Chilean Government."

None of this, it is now evident, was known to Ambassador Korry.

Not Considered Trustworthy

In interviews, a number of C.I.A. officials directly involved in the anti-Allende operations emphasized that Mr. Korry was not considered trustworthy by the White House or by C.I.A. headquarters. "Korry never did know anything," said an intelligence operative who worked in the embassy under Mr. Korry in 1970.

While he was in Chile, Mr. Korry was known in the Nixon Administration for his outspoken hostility to Dr. Allende and his harsh anti-Communist stance. Mr. Korry, who acknowledges the severity of his views on Dr. Allende, was active in lobbying for a \$400,000 C.I.A. propaganda effort against him and his Marxist views that was authorized by the Nixon Administration in the spring and summer of 1970.

Nonetheless, Mr. Korry insists that he repeatedly advised Washington not to take any steps toward a military solution of the Allende problem. On Oct. 9, 1970, for example, he told the White House in a direct message made available to The New York Times that he was appalled to learn that unauthorized contact had been made by the C.I.A. station in Santiago with Patria y Libertad, a right-wing extremist group advocating the violent overthrow of the Government. "I think any attempt on our part actively to encourage a coup could lead us to a Bay of Pigs failure," he added in the "eyes only" cablegram.

In the interviews Mr. Korry constantly focused on his inability to get newspapers to publish his view of events after he left Chile. But he says that he perhaps waited too long, until 1976, to begin to tell all he knew of the role of the Nixon Administration and its predecessors in Chile.

National Security Interests

Yet, he said, his story is not just another account of a frustrated "whistle blower," nor is it simply another "Washington morality story." The inability of the press and the Senate investigators to reach the truth about his involvement, he insisted, "tells about our country and the way Washington really works when the ambitions of its most important people and the interests of its most powerful groups come into conflict with the national security interests."

Mr. Korry, who is 59 years old, was a foreign correspondent for United Press and went on to Look magazine, where he served as European editor. In 1962 he was designated Ambassador to Ethiopia by President John F. Kennedy, serving there with distinction, by all accounts, until his assignment to Chile.

His moment in the greatest glare of publicity came in September 1974, soon after The New York Times disclosed that the C.I.A. had spent at least \$8 million in Chile in an effort to prevent Dr. Allende's election and, failing in that, sought to make it impossible for him to govern. Mr. Korry, with Richard M. Helms, then Director of Central Intelligence, and two senior State Department officials, was accused by members of the Senate staff of having provided misleading testimony to the Senate multinational subcommittee of the Foreign Relations Committee, headed by Frank Church, Democrat of Idaho, which held hearings in March and April 1973 into I.T.T.'s involvement with the Chilean election.

During the hearings Mr. Korry testified that the United States maintained a "total hands off" policy toward the military during the campaign for the election, which Dr. Allende won in a three-way race by only 30,000 votes of three million cast. Mr. Korry denied knowledge of the I.T.T. cablegram that became a focal point of much of the hearings — a report from two I.T.T. officials in Santiago that the Ambassador had finally received "the green light to move in the name of Richard Nixon" against the new President.

Repeatedly refusing to answer many queries in full from the senators and the subcommittee staff director, Jerome I. Levinson, Mr. Korry insisted that to describe confidential communications and official orders would be "contrary to the

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entire moral contract" he had entered into with the Presidents under whom he served.

After The Times account of C.I.A. involvement, he sent a barrage of letters to editors and reporters, pointing to what he cited as errors in the newspaper's coverage and insisting that his testimony was honestly rendered and that his reluctance to testify more fully was not based, as was widely assumed, on inside knowledge of C.I.A. and I.T.T. activities.

Because it was difficult to believe that Mr. Korry, as Ambassador, could not have been privy to the Administration's plans, few members of the committee chose to believe his assertion that he had not received the "green light" cable. But C.I.A. documents summarized by the Justice Department in 1978 court proceedings but widely ignored at the time showed that Henry D. Hecksher, the C.I.A. station chief in Santiago, had received the message and, through Hal Hendrix and Robert Berrallez, public relations representatives for I.T.T. in Santiago, had forwarded it to the multinational corporation's home office.

Helms Viewed as Part of Plot

Justice Department investigators concluded that Mr. Hendrix, Mr. Berrallez and other I.T.T. officials had conspired with Mr. Helms and other C.I.A. officials to commit perjury before the Senate multinational subcommittee in 1973. Mr. Korry, it appears, was in the position of telling the truth about his lack of knowledge of I.T.T. and C.I.A. operations at a time when other witnesses were concocting diversionary stories.

Mr. Helms, later Ambassador to Iran, and Mr. Hendrix were eventually convicted on misdemeanor charges for their testimony.

In Mr. Korry's view, the assumption that he was not telling the truth persisted in the 1975 investigation by the Senate Select Committee on Intelligence, which was also headed by Senator Church, into illegal activities of the C.I.A. Mr. Korry was only permitted to testify for a few moments before a public hearing, he related, and that testimony was not sought until the committee had published two reports on C.I.A. activities in Chile, both of them critical of his term as envoy.

His pleas of innocence and his protestations against what he describes as unfair treatment by Congress and the press have generally been ignored.

Direct Order for Intervention

In published reports the Senate Intelligence Committee disclosed that President Richard M. Nixon, at an Oval Office meeting on Sept. 15, 1970, ordered Mr. Helms to prevent Dr. Allende's accession to power. He was told that he was to operate in great secrecy and not to inform anyone in the State Department, including Ambassador Korry, of his orders.

This effort was called Track II by the committee to distinguish it from the so-called Track I, essentially a series of political maneuvers also aimed at preventing Dr. Allende's election, that were carried out with Mr. Korry's knowledge and approval.

The former Ambassador defends his role in Track I as constitutional and maintains that it did not call for military overthrow. In this period, he said, he worked closely with Dr. Eduardo Frei Montalva, the outgoing President, and it was reluctance to mention Dr. Frei's involvement that posed problems in the 1973 Senate hearing.

Mr. Korry's testimony before the Intelligence Committee, which he concedes was incomplete, clearly contributed to his credibility problem. While he denied receiving the green-light message, he repeatedly refused to answer when he was asked about his instructions regarding Dr. Allende. He did not claim executive privilege, telling the subcommittee: "I am not falling back on any legal rights. I am speaking entirely of my own personal perception of my moral responsibility to the Presidents. I cannot in good conscience wreck an institutional process for any reason that I can think of here."

Belated Recognition of Bad Choice

Mr. Korry concedes now that he might have been guilty of poor judgment by not testifying more openly before the multinational subcommittee and also by not being more candid with the press about some of the suspicions he had then about American involvement in activities against Dr. Allende. Those suspicions, for which he had no direct evidence, were heightened, he said, when he was repeatedly complimented by senior Government officials after the 1973 hearings. "Everybody was pleased as pink with my testimony," he explained. "They believed I lied."

He recalled his sorrow and distress at being informed in July 1975 by a staff member of the Senate Intelligence Committee of the Track II efforts. The C.I.A. program, as the committee later reported, indirectly led to the assassination of Gen. René Schneider, commander of the Chilean Army, a constitutionalist considered an obstacle to a coup.

"Until that date," Mr. Korry said, "I had naively assumed I.T.T. was mistaken about my activities in Chile" — in its various messages and reports that were obtained and published by Jack Anderson. "It finally was apparent to me that there was a calculated scheme to lay off the blame for Chile upon me," he went on. "This disclosure shook a reference point in my life. In other words, the I.T.T. green-light cable had been true in substance, if wrong about me. I.T.T. plus C.I.A. officials and others in government had in fact lied under oath to the Senate and had then conspired to hide from the public and me its activities."

Approaching reporters again, Mr. Korry was determined to tell his full story. But with the exception of a series of articles in 1976 and 1977 by J. Trento of The News Journal of Wilmington, Del., his account was ignored. This correspondent, in long conversations with Mr. Korry in 1973, concluded his account was too self-serving to be credible.

In the recent interviews Mr. Korry acknowledged that he was concealing information about C.I.A. operations in Chile when he refused to testify before the Senate subcommittee in 1973, but his special knowledge dealt not with 1970 and Dr. Allende but with the extent of C.I.A. penetration of all aspects of Chilean society under the Kennedy and Johnson Administrations. Those C.I.A. activities were known to Ralph A. Dungan, his predecessor as Ambassador. Mr. Korry said, and

to President Frei, head of the Christian Democratic Party, which had C.I.A. support.

He was concerned in 1973, he said, that if he began talking about intelligence activities, he would lose the right to withhold such potentially embarrassing points of information as these:

¶ American funding in support of the Frei presidential campaign in 1964 totaled well over \$20 million, much of it funneled through C.I.A. and Agency for International Development conduits, not the \$3 million reported by the C.I.A. to the Senate Intelligence Committee.

¶ With the full knowledge of Chile and the United States, millions in C.I.A. and A.I.D. funds were allocated to Roman Catholic groups opposed to "laicism, Protestantism and Communism." Key unions also received election funds.

¶ President Kennedy was personally involved in urging large United States corporations, including I.T.T. and the Kennecott and Anaconda copper concerns, which had big and profitable holdings in Chile, to work closely with the intelligence agency in bribing local officials and supporting political parties to further American foreign policy.

¶ Hush money was paid to senior Chilean politicians who aided the White House in its pro-Frei programs in 1964. One of the defeated candidates in the 1964 election was Dr. Allende.

Predecessor Supports Account

¶ Ambassador Dungan, on leaving Chile, provided Mr. Korry with the names of 15 residents of Santiago whose companionship and friendship he particularly commended. All, among them three clergymen, had been "funnels and instruments of important C.I.A. programs."

Mr. Dungan, told of Mr. Korry's re-

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marks, commented: "That's true. Any ambassador who wasn't aware of C.I.A. activities in his country wasn't worth a hoot." The former envoy, now a United States executive director of the Inter-American Development Bank, added that he consistently sought to make the Christian Democratic Party more viable while he was in Chile in the mid-1960's in an effort to reduce the scope of the C.I.A.

Mr. Korry is most critical now of the Senate Intelligence Committee investigation, which he insists was biased, incomplete and distorted. He was not permitted to testify fully about his extensive knowledge of earlier C.I.A. activities until February 1978, he said, when he appeared before an executive session largely attended by staff members. His full statement was not made public; nor, he said, has he been able to obtain a transcript of his remarks. He maintained that Mr. Church and other Democrats on the committee deliberately suppressed his testimony about C.I.A. activities in the early 1960's to shield the reputation of Presi-

dent Kennedy as well as to prevent embarrassment to the Roman Catholic Church and unions.

"No one in authority," Mr. Korry said, "wished the full 11-member committee, even in secret session, to be compelled to confront the past."

Senator Church has repeatedly denied Mr. Korry's allegations.

Mr. Korry also accused the committee of suppressing hundreds of his confidential cables that he turned over in 1975 and that show, he maintains, that while Ambassador he sought to reach a "fair understanding" with Dr. Allende on many key issues.

A Charge of Suppression

The committee, Mr. Korry maintained, also suppressed evidence showing that in the fall of 1970 he repeatedly urged President Nixon and Henry A. Kissinger, then the President's national security adviser, not to get involved in scheming with the Chilean military. Mr. Korry has copies of documents that appear to demonstrate

that he did give the White House such advice, but no mention of this aspect of his role was included in the committee's final reports on Chile. Mr. Korry also asserted that committee staff members made no effort before publication to discuss with him the messages and other documentation about his role, with the result that the official record was often distorted.

Mr. Korry emphasized that he did not believe any individual or group conspired to deny him a chance to get his views known. What did happen, he said, is that those who were being investigated and those who were investigating set limits on the extent of the facts they wanted known and thus "conspired to save each other."

"Their common interest in preventing the full Senate committee from having them confront the truths I would tell in secret led to my exclusion as a witness and to the issuance of reports concerning Chile which coupled each truth with a lie, with a half truth or with a deliberately misleading statement," he said.

8 Feb. 1981

HAIG SAYS U.S. TO END REGULAR SUMMITS

LONDON (UPI) -- SECRETARY OF STATE ALEXANDER HAIG SAID IN AN INTERVIEW PUBLISHED SUNDAY THAT THE REAGAN ADMINISTRATION WILL END REGULAR SUMMIT MEETINGS WITH U.S. ALLIES BUT HOPES TO INCREASE EXCHANGES OF INTELLIGENCE PROVIDED THE CIA CAN PLUG ITS NEWS LEAKS.

HAIG DISCUSSED THE NEW ADMINISTRATION'S PRIORITIES FOR DEALINGS WITH THE EUROPEAN ALLIES IN AN INTERVIEW WITH LONDON'S SUNDAY TIMES.

BESIDES ENDING FORMER PRESIDENT CARTER'S TWICE-YEARLY SUMMIT MEETINGS AND EXPANDING THE INTELLIGENCE-SHARING PROGRAMS, HAIG SAID THE NEW ADMINISTRATION IS KEEPING ITS OPTIONS OPEN ON NUCLEAR DISARMAMENT AND THE SALT-2 TREATY.

"IT HAS BEEN MY EXPERIENCE THAT ACHIEVING ARMS CONTROL IS NEVER THE PRODUCT OF RHETORIC OR IDEALISTIC HOPES," HAIG SAID. "IT IS ALWAYS THE PRODUCT OF PRAGMATIC REALITY.

"ONE COULD MAKE THE CASE THAT IT WAS THE CONSENSUS ABOUT DEPLOYING CRUISE MISSILES IN EUROPE AT THE NATO MINISTERIAL MEETING IN DECEMBER 1979 WHICH CREATED THE CIRCUMSTANCES THAT LED TO THE START OF THE DISCUSSIONS BETWEEN THE SOVIET UNION AND THE UNITED STATES ON HOW TO LIMIT THEATER NUCLEAR WEAPONS," HE SAID.

HAIG SAID SOVIET BEHAVIOR IN WORLD TROUBLE SPOTS AND WHAT HE CALLED "TECHNICAL FLAWS" IN THE SALT-2 TREATY WILL AFFECT HOW REAGAN DECIDES TO DEAL WITH ARMS CONTROL.

"WE ARE LOOKING AT THESE PROBLEMS AND I DON'T KNOW YET HOW WE WILL PROCEED FROM HERE -- WHETHER TO DEVELOP A WHOLE NEW TREATY, WHETHER TO PUT FIXES INTO THE EXISTING TREATY OR WHETHER TO DO IT BY AMENDMENTS," HE SAID.

THE SECRETARY SAID HE HOPED TO PROMOTE "A VERY CLOSE RELATIONSHIP" BETWEEN THE UNITED STATES AND ITS EUROPEAN ALLIES. BUT HE SAID HE WAS ABANDONING CARTER'S SEMI-ANNUAL SUMMIT MEETINGS BECAUSE SUCH SESSIONS "SHOULD BE RESERVED ONLY FOR THE MOST EXCEPTIONALLY SIGNIFICANT ISSUES.

"FIRST AND FOREMOST, WE HAVE GOT TO DO A BETTER JOB IN DEVELOPING AND SHARING COMMON PERCEPTIONS," HAIG ADDED. "THAT MEANS SHARING OUR INTELLIGENCE, AGREEING ON THE HARD FACTS AND RECOGNIZING THAT EVERYBODY CAN CONTRIBUTE TO THIS PROCESS.

"BUT WE CAN ONLY EXPECT OUR EUROPEAN PARTNERS TO PARTICIPATE IN SUCH EXCHANGES IF THEY CAN BE PROTECTED AGAINST IMMEDIATE REVELATIONS ON THE FRONT PAGES OF AMERICAN NEWSPAPERS.

WE, THEREFORE, HAVE TO TIGHTEN UP OUR INTERNATIONAL CHANNELS OF COMMUNICATIONS," HE SAID.

HAIG SAID NEWLY APPOINTED CIA DIRECTOR BILL CASEY "IS VERY MUCH DEDICATED TO THIS."

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Proof of Soviet-Aided Terror Is Scarce

By RICHARD HALLORAN

Special to The New York Times

WASHINGTON, Feb. 8— Officials with access to United States intelligence services say they have little evidence to substantiate Secretary of State Alexander M. Haig Jr.'s allegation that the Soviet Union trains, equips and provides funds for international terrorists.

Soviet diplomats said that their Government had filed a note of protest to Mr. Haig, denying that the Soviet Union engaged in terrorism and labeling Mr. Haig's accusations a "gross and malicious deception."

Secretary Haig said on Jan. 28 in his first news conference that the Soviet Union, as part of a "conscious policy," undertook the "training, funding and equipping" of international terrorists. He asserted that Moscow fostered, supported and expanded that activity.

But officials in the Central Intelligence Agency, the Defense Intelligence Agency and the State Department, asked to document those charges, said they were unable to do so. "There's just no real evidence for it," said an official.

Bloc Has Had Few Attacks

Mr. Haig also asserted that Soviet support for international terrorism was "surprising" because "the Soviet Union itself has been victimized by it."

Reports made public by the C.I.A. said that about 5 percent of the victims of terrorism were nationals of the Soviet Union or its East European allies. Relatively few terrorist attacks are known to have taken place inside the Soviet bloc.

A recent study of 18 embassies under siege, written by Brian M. Jenkins of the Rand Corporation, a research institute, showed that no diplomatic posts of the Soviet Union or its allies had been attacked and that only one embassy in a Communist country had been invaded. An anti-Castro Cuban kidnapped the Belgian and French ambassadors at the French Embassy in Havana in 1973.

Specialists in terrorism outside the Government said it was important to distinguish between Soviet support for what the Communists call national liberation movements, which the Soviet Union avowedly supports, and genuine terrorism. The Soviet Union has admitted aiding its allies in Vietnam and the Palestine Liberation Organization and has barely concealed its help to Communists in Turkey.

Little Evidence Is Available

But those specialists said there was little evidence to show that the Soviet Union had formed, trained or directed terrorist organizations such as the Red Brigades in Italy or the Japanese Red Army. Those groups, the specialists said, would most likely have appeared whether they had Russian help or not because they were products of political forces within their own countries.

The specialists said, however, that some Russian help to terrorists might have come from Libya, which has been the recipient of large shipments of Soviet arms that later were sold or distributed to terrorists.

Some organizations that have carried out terrorist attacks, such as the P.L.O., have also sent people to the Soviet Union for training, the specialists said. A Palestinian terrorist, Adnan Jaber, who is in prison in Israel, said last year that he had been given six months training in the Soviet Union in weapons, tactics and explosives.

He also said that similar training was conducted in Vietnam and North Korea, both allies of the Soviet Union, and in China. The specialists in terrorism reported that other training had been provided in Czechoslovakia for Italy's Red Brigades and in North Korea for the Japanese Red Army.

Cuban Link Is Seen

Cuba is also thought to have trained terrorists for action in Latin America and to have been a conduit through which weapons, either captured from the United States in Vietnam or obtained from the Soviet Union, have been shipped to Latin America.

The diplomatic note from the Soviet Union that was reflected in a dispatch carried by Tass, the Soviet press agency, said that the Soviet Union had supported

measures to prevent air piracy. Another Tass dispatch said that the Soviet Union had criticized the seizure of the Americans diplomats in Iran.

The note defended a Soviet right to assist national movements of independence. The Tass dispatch said that Mr. Haig's reasoning would have made terrorists out of George Washington and other early American leaders.