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Vol. 5 OF 5

The United States Senate

Report of Proceedings

Hearing held before

Senate Select Committee to Study Governmental
Operations With Respect to Intelligence Activities

Thursday, December 4, 1975

Washington, D. C.

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INTELLIGENCE INVESTIGATION

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Thursday, December 4, 1975

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United States Senate,
Select Committee to Study Governmental
Operations with Respect to
Intelligence Activities,
Washington, D. C.

The Committee met, pursuant to notice, at 1:45 o'clock
p.m., in Room 318, Russell Senate Office Building, the
Honorable Frank Church (Chairman) presiding.

Present: Senators Church (presiding), Hart of Michigan,
Mondale, Huddleston, Morgan, Hart of Colorado, Tower,
Goldwater and Schweiker.

Also present: William G. Miller, Staff Director; Frederick
A. O. Schwarz, Jr., Chief Counsel; Curtis R. Smothers, Minority
Counsel; William Bader, Rick Inderfurth, Greg Treverton,
Pat Shea, Peter Fenn, Lock Johnson, Charles Kirbow, David
Aaron, Joe Dennin, Burt Wides, Joseph DiGenova, Charles Lombard,
Rhett Dawson and Bob Kelley, Professional Staff Members.

- - -

The Chairman. The hearing will please come to order.

Today the Committee holds public hearings on the involvement
of the United States in covert activities in Chile from 1963

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1 through 1973. It takes this unusual step because the Committee
2 believes the American people must know and be able to judge
3 what was undertaken by their government in Chile. The nature
4 and extent of the American role in the overthrow of a
5 democratically-elected Chilean government are matters for deep
6 and continuing public concern. While much of this sad story
7 has been revealed already, the public record remains a jumble
8 of allegations, distortions, and half-truths. This record
9 must be set straight.

10 President Ford has defended covert U.S. activities in
11 Chile during 1970-1973 as "in the best interest of the Chilean
12 people and certainly in our best interest." Why was that so?
13 What was there about the situation in Chile and the threat it
14 posed to our national security which made covert intervention
15 into the political affairs of another democratic country either
16 good for Chile or necessary for the United States? These
17 questions must be answered. The Committee's purpose is less
18 to pass judgment on what has been done than to understand, so
19 that it may frame appropriate legislation and recommendations
20 to govern what will be done in the future.

21 Given the President's statement, it is particularly
22 unfortunate in my opinion that the Administration has refused
23 to testify and has planned to boycott the Committee's hearings.
24 The American people deserve to know the reasons why the United
25 States first undertook extensive, if not massive, covert

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1 operations within a democratic state in this hemisphere. They
2 deserve to know why their government sought, in 1970, to
3 overthrow a popularly elected government. The Administration's
4 prohibition on testifying in a public forum on this subject
5 has extended to the point of preventing CIA employees, both
6 past and present, from coming before this Committee. I find
7 this particularly ironic since I spent the whole morning at
8 the Pacem in Terris conference at the Sheraton Hotel here in
9 Washington, publicly debating with Mr. Colby the covert
10 operations that occurred in Chile during the period under
11 investigation. And so it is not denied to him to discuss
12 such matters publicly and before the assembled press at the
13 Sheraton-Park Hotel. It is denied him that he should come and
14 testify here at the Capitol before this Committee.

15 I believe the position of the Administration is completely
16 unjustified. Secretary Kissinger has argued that it would be
17 inappropriate to appear before Congress and the American people
18 to discuss covert action operations in which he was involved,
19 yet only last week he gave a speech defending covert action. If
20 the Secretary can give speeches on covert action, I believe he
21 should be prepared to answer questions before Congress and the
22 people of the country.

23 The Committee has taken the utmost precautions, both during
24 its investigations and in what it has written publicly, to
25 protect sensitive sources of intelligence, methods of

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1 intelligence operations, and the names of agents. With regard
2 to Chile, the Administration has joined in that effort. Thus,
3 there is no merit to the charge that holding a public hearing
4 on Chile will cause harm to the national security interests
5 of the United States.

6 What will damage the American interest is an Administration
7 that refuses to speak to the issue of why we intervened so
8 heavily in the internal affairs of Chile. The public has every
9 legitimate right to such an explanation.

10 This Committee and the American people can not wait forever
11 until the Administration decides to honor the rights of the
12 citizens of this nation to know the policies of their Government.
13 Today we make public the results of our own Committee investi-
14 gation into the Chilean intervention. We will also take
15 testimony today from former State Department officials who have
16 consented to appear and have shown a sense of responsibility
17 to speak to the issues raised by our Chilean policy.

18 This is the one covert action hearing the Committee will
19 hold in public session. We have taken this unusual step
20 because the Committee believed that revealing the truth about
21 the Chile episode would serve two important purposes. First, on
22 the basis of an accurate record, the public would be in a
23 position to decide for itself the wisdom and propriety of the
24 actions taken by its government in Chile. And, second, the
25 Chile case provides a good example of the full range of

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1 covert action. It permits the Committee, the Senate, and the
2 country to debate and decide the merits of future use of covert
3 action as an instrument of U.S. foreign policy.

4 Our Committee report, which is being released in conjunction
5 with these hearings this afternoon, is based on an extensive
6 review of documents obtained from the files of the Central
7 Intelligence Agency, the Departments of State and Defense, and
8 the National Security Council, as well as testimony by
9 present and former Government officials. Except when already
10 well-known, names of Chileans and of Chilean institutions have
11 been omitted in order to avoid revealing intelligence sources
12 and methods, and to limit needless harm to individual Chileans
13 who cooperated with the Central Intelligence Agency. Despite
14 these deletions, the report conveys an accurate picture of
15 the purposes and magnitude of United States covert action in
16 Chile.

17 The hearings will begin with a presentation by the staff,
18 laying out the bare facts about covert U.S. activities in
19 Chile in the decade between 1963 and 1973. The Committee will
20 then hear three former State Department officials: Ralph
21 Dungan and Edward Korry, American Ambassadors in Chile from
22 1964 through 1967, and 1967 through 1971, respectively; and
23 Charles Meyer, Assistant Secretary of State for Inter-American
24 Affairs from 1969 through 1973. Tomorrow, with the Chile case
25 out in the open, a panel of distinguished Americans will

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1 discuss covert action in general, its value and costs, its
2 limits and effects. They will offer recommendations concerning
3 whether it should be employed in the future and, if so, in
4 what situation and under what restrictions and controls.

5 Senator Tower, do you have an opening statement?

6 Senator Tower. Yes. Thank you, Mr. Chairman.

7 I have always clung to the view that information concerning
8 the details of United States covert operations should not be
9 made public because of the possible hazards created for
10 individuals and because the release of such information may
11 jeopardize necessary activities. Therefore, while I believe
12 it has been appropriate and useful for this Committee to
13 conduct an executive examination of covert activities and
14 programs, I have been opposed to public sessions; I remain
15 opposed to public sessions. I believe the national interest
16 would be better served if we had cancelled these particular
17 public sessions.

18 I yield, of course, to the majority of the Committee,
19 that voted to make these hearings public, but in recognizing
20 the right of the majority of the Committee to do so, I must
21 express my own very serious reservations.

22 Thank you.

23 Senator Goldwater. Mr. Chairman, I would like to be
24 recorded as being in favor of what Senator Tower has said. I
25 think it is a mistake, not his statement, but a mistake that we

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are holding these hearings in public.

The Chairman. Very well, Senator Goldwater.

Any other comment from any other member of the Committee at this time?

If not, we will turn to our panel of staff experts that will examine the Chilean intervention, and I will call first on the Chief of Staff of the Committee, Bill Miller.

1 STATEMENT OF WILLIAM G. MILLER, STAFF DIRECTOR, SENATE
2 SELECT COMMITTEE TO STUDY GOVERNMENTAL OPERATIONS WITH
3 RESPECT TO INTELLIGENCE ACTIVITIES

4 Mr. Miller. Mr. Chairman and members of the Committee, the
5 two days of public hearings on covert action as an instrument
6 of United States policy, which begin today, are based upon an
7 in-depth inquiry done by the Committee and staff over the
8 past eight months. The Committee has been able to examine the
9 full scope of covert action techniques that have been used by
10 the U.S. Government since the end of World War II, how they
11 relate to publicly declared foreign policy, and how they are
12 initiated, approved, and monitored. These techniques range from
13 relatively passive actions, such as passing money to shape the
14 outcome of elections, to the influencing of men's minds through
15 prpaganda and misinformation placed in the media of other
16 nations, to the more aggressive and belligerent techniques of
17 organizing coup d'etats and engaging in paramilitary warfare.
18 Out of the thousands of covert action projects throughout the
19 world undertaken by the Central Intelligence Agency since
20 1947, the Committee chose to examine the programs in six countries
21 in detail. These six country programs, which the Committee has
22 already examined in Executive Session, span 30 years of activity
23 since the end of World War II, and five Administrations.

24 From the outset of the Committee's inquiry, it has been
25 clear that a major question to be decided upon by the Committee

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1 is to what extent, if any, covert action should be authorized
2 by the Congress and the people of the United States.

3 A useful place to begin, therefore, in examining the past
4 activities and possible future scope of covert action is a
5 review of the present state of the law.

6 To begin first with definitions of what the law is supposed
7 to govern: According to the CIA's own present definition,
8 covert action means any clandestine or secret activities designed
9 to influence foreign governments, events, organizations, or
10 persons in support of U.S. foreign policy conducted in such
11 manner that the involvement of the U.S. Government is not
12 apparent.

13 The present law cited by the Executive Branch covering such
14 activities is ambiguous at best. The appropriate section of
15 the National Security Act of 1947 authorizes the CIA to "perform
16 such other functions and duties related to intelligence
17 affecting the national security as the National Security Council
18 may, from time to time, direct."

19 The Committee, over the past eight months, has examined the
20 legislative history of the 1947 Act, and has interviewed most
21 of the principal living participants who helped draft that
22 Act, and from the fruits of the investigation thus far, there
23 is little in the legislative history, in either Committee,
24 Executive Session, or floor debate, that gives credence to
25 the notion that Congress intended to authorize what is now

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1 the full range of covert action. In particular, there is no
2 evidence that Congress ever addressed the question of whether
3 the U.S. Government should undertake assassination, support
4 a coup d'etat, or paramilitary warfare. The law that is now
5 on the books reflects the fact that neither the Executive
6 Branch nor the Congress was able to foretell what perils the
7 future two or three decades would hold for the United States
8 or what activities the Government would use to meet situations
9 that emerged.

10 It has been argued that the Congress voted appropriations
11 for covert actions and thereby tacitly approved these activities.
12 There has never been an annual authorization of the CIA budget.
13 The Congress has never as a body voted with knowledge on CIA
14 appropriations. But rather, it has voted for appropriations
15 in which CIA funds were concealed. There are those who maintain
16 that because of that the Congress has never authorized through
17 the appropriations process covert actions by the CIA, as a
18 result. Two years ago, Section 662 of the Foreign Assistance
19 Act, an amendment, the Ryan-Hughes Amendment, was passed. It
20 requires the President to report to the appropriate Committees
21 in a timely fashion all covert action programs that he has
22 approved.

23 It has been argued that the legislation provides congress-
24 sional authorization of covert action thereby. Informing
25 Committees of the Congress and subsequent Congressional

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1 awareness of covert action is not the same thing as approval.
2 A strongly-held point of view is that the aim of that legis-
3 lation was to insure that sufficient knowledge of covert
4 action would be available before approval could be considered.
5 The Committee has been studying covert action in order to
6 decide whether to provide statutory authority for covert
7 action.

8 The Executive branch has defended covert actions as necessary
9 to meet the situations in the gray area between declared war and
10 peace. The Committee must decide whether it wishes to enact
11 specific limitations or to permit this area to remain vague
12 and circumlocutious, as one witness has called it, and
13 subject to the failures and abuses, and the lack of fixed
14 responsibility and accountability for actions taken. The
15 Committee's inquiry into assassinations and of large-scale
16 covert action program failures that have come before the
17 Committee's inquiry is proof of the problems created by
18 this vague and inadequate law.

19 The record examined thus far shows that covert action
20 programs over the last 30 years have been generally successful
21 against weak nations and far less so against our potential
22 enemies. In the view of many who have looked at the question,
23 covert action has become the national means, the "functional
24 equivalent" to use Secretary Katzenbach's phrase, for acts of
25 deception, subversion, and violence, including instances of

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warfare --

The Chairman. Mr. Miller, I wonder if you could suspend for a moment. There's a vote on by virtue of which the other Committee members have absented themselves. I'm going to miss the vote unless we take a very brief recess. You can renew your testimony as soon as other members begin to reappear.

(A brief recess was taken.)

Senator Tower. Let's have order, please.

Mr. Miller, you will continue, please.

Mr. Miller. Mr. Chairman, although there has been a considerable degree of Congressional acquiescence, many of these aggressive covert activities have been undertaken without the awareness of the Congress as a whole of the circumstances and reasons for these actions; they have been taken without an annual authorization, or without any explicit statutory authority.

The costs of past covert action are considerable. Since the end of World War II, the U.S. has expended many billions of dollars in the carrying out of covert action programs.

As is evident in the Chile case, the amounts spent on covert action programs are considerable; however, they are extremely small when compared to the amounts spent on various forms of aid. The secrecy required to carry out covert action programs all too often has created confusion not only in the public mind, but has served to cause the Government to work at

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1 cross purposes. The positive effects of AID programs and the
2 good will created by programs such as the Peace Corps have been
3 negated by the covert action undertaken in Chile.

4 As pointed out by the former head of covert operations,
5 Mr. Richard Bissell, there have been many short-term tactical
6 victories but very few lasting successes.

7 In order to examine the broad questions of policy raised
8 by covert action, a detailed examination of Chile has been
9 undertaken. The staff study which members of the Committee have
10 before them is as factual as the Committee staff has been able
11 to make it. Its purpose is to clear up questions arising from
12 allegations of U.S. involvement in Chile, to arrive at an
13 understanding of the general nature of covert action in Chile,
14 to come to an understanding of the general nature of covert
15 action, and perhaps most important, how covert action in this
16 instance served to negate openly-avowed diplomatic policies
17 of the U.S.

18 The Chile case presents great paradoxes. In 1964, the
19 U.S. through covert action assisted a candidate for the
20 presidency to achieve a majority. They gave assistance to
21 a moderate candidate. The reason given was ostensibly to
22 strengthen democratic purposes.

23 In the period 1970 through 1973, in order to prevent a
24 Marxist leader from coming to power by democratic means, the
25 U.S. worked through covert action to subvert democratic processes

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1 The means used went far beyond those used in 1964 in money,
2 propaganda, and political manipulation. The means used
3 were economic warfare, the encouragement of coup d'etat and
4 military violence.

5 The means were hardly democratic; this assistance, this
6 interference in the internal affairs of another country, served
7 to weaken the party we sought to assist and created internal
8 dissensions which, over time, led to the weakening and, for
9 the present time at least, an end to constitutional government
10 in Chile.

11 The contrast between covert action in Chile during the
12 1960s and 1970s with the responsibility of the U.S. under the
13 Organization of American States, to which the U.S. is party, and
14 the rhetoric of the Alliance for Progress could not be more
15 graphic. Let me quote from the OAS Charter to which the
16 United States is a signatory.

17 Article 18 states: "No State or group of States has the
18 right to intervene, directly or indirectly, for any reason
19 whatever, in the internal or external affairs of any other
20 State. The foregoing principle prohibits not only armed force
21 but also any other form of interference or attempted threat
22 against the personality of the State or against its political,
23 economic and cultural elements."

24 Article 19 states: "No State may use or encourage the use
25 of coercive measures of any economic or political character

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1 in order to force the sovereign will of another State and obtain
2 from it advantages of any kind."

3 Article 21 of the OAS Charter, akin to Article 51 of
4 the U.N. Charter, provides for the use of force for purposes of
5 self-defense, but this could hardly be construed as a justi-
6 fication for the covert activities undertaken in Chile, since
7 the intelligence estimates of the U.S. Government concluded that
8 the Allende government posed no threat to vital U.S. interests
9 or U.S. national security.

10 On October 31, 1969, President Nixon delivered an address
11 on his Action for Progress for the Americas Program. His first
12 principle was as follows: "A firm commitment to the inter-
13 American system, to the compacts which bind us in that system,
14 as exemplified by the Organization of American States and by
15 the principles so nobly set forth in its charter."

16 In his State of the World Address delivered on February
17 25, 1971 to the Congress, the President said: "The United
18 States has a strong political interest in maintaining cooperation
19 with our neighbors regardless of their domestic viewpoints. We
20 have a clear preference for free and democratic processes. We
21 hope that governments will evolve toward constitutional
22 procedures. But it is not our mission to try to provide --
23 except by example -- the answers to such questions for other
24 nations. We deal with governments as they are."

25 The new Government in Chile is a clear case in point. The

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1 1970 election of a Socialist President may have profound impli-
2 cations not only for its people but for the inter-American system
3 as well.

4 The President went on: "Our bilateral policy is to keep
5 open lines of communication. We will not be the ones to
6 upset traditional relations. We assume that international
7 rights and obligations will be observed. We also recognize that
8 the Chilean Government's actions will be determined primarily
9 by its own purposes, and that these will not be deflected simply
10 by the tone of our policy. In short, we are prepared to have
11 the kind of relationship with the Chilean government that
12 it is prepared to have with us."

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13 At the very time this speech was delivered, the United
14 States was already embarked on a Presidentially-approved
15 covert action program designed to control the outcome of the
16 elections in Chile.

17 At this point, Mr. Chairman, I want to turn to Mr. Bader
18 who will describe the pattern of covert action as it was used
19 in Chile.

end p. 1

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Senator Tower. Mr. Bader is recognized.

Mr. Bader. Thank you, Mr. Chairman.

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1 STATEMENT OF WILLIAM BADER

2 Mr. Bader. The staff study on Chile focuses on what
3 is labeled "covert action" by the Central Intelligence Agency.
4 Covert action, as defined by the Central Intelligence Agency,
5 describes a policy tool for all seasons and purposes. To the
6 Agency the term "covert action" means, as Mr. Miller has
7 already stated, "any clandestine operation or activity designed
8 to influence foreign governments, organizations, persons or
9 events in support of the United States foreign policy objectives.

10 The definition of "covert action" was not always so
11 embracing, and indeed the term itself was only coined in recent
12 years. This question of defining "covert action" is important
13 as the Committee addresses the central questions:

14 The central questions are those, as an instrument of
15 foreign policy, what can covert action do and under what
16 circumstances? What are the costs? We need to answer these
17 questions in order to address the more fundamental issue of
18 whether or not covert action should be permitted. If so,
19 under what rules and constraints?

20 Therefore, our interest in Chile, and in this report,
21 is not only what happened there but what the Chilean
22 experience tells us about covert action as a foreign policy
23 operation of a democratic society.

24 It is important to note that the objectives, the
25 techniques, and the political control of covert operations have

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h retype
changed rather fundamentally over the years.

2 It was only in late 1947 -- two and a half years after
3 the end of World War II -- that the United States formally
4 decided that clandestine intelligence collection activities
5 had to be supplemented by what was described at the time as
6 covert psychological operations. These were described as
7 propaganda and manipulation of the press, and the like.

8 By the late spring of 1948, the Soviet threat was held
9 to be of such seriousness that "covert operations" were
10 expanded to include countering Soviet propaganda and Soviet
11 support of labor unions, student groups, support of political
12 parties, economic warfare, sabotage, assistance of refugee
13 liberation groups, and support of anti-communist groups in
14 occupied or even in threatened areas.

15 Gradually, covert action was extended to include countries
16 all around the world. Burgeoning from the experience of
17 countering the Soviet Union and its satellites in this early
18 period in 1947 and 1948, the CIA had major covert operations
19 underway in roughly 50 countries by 1953; this represented
20 a commitment of over 50 percent of the Agency's budget during
21 the 1950s and 1960s.

22 In broad terms -- and in the language of the trade --
23 covert activities since the so-called "coming of age" in 1948
24 have been grouped around three major categories: propaganda,
25 political action, and paramilitary activities. In the

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1 experience with Chile, the largest covert activities were those
2 in the general categories of propaganda and political
3 action such as has been described in this chart, disseminating
4 propaganda, supporting media, influencing institutions, influencing
5 elections, supporting political parties, supporting private
6 sector organizations and the like.

7 Now as far as paramilitary activities are concerned,
8 the last category, that is covert and military operations, they
9 were not employed to a significant degree in Chile with the
10 possible exception of the Track II operation and the Schneider
11 kidnapping.

12 Propaganda. As revealed in the staff paper, the
13 largest covert action activity in Chile in the decade 1963 -
14 1973 was propaganda. The CIA station in Santiago placed
15 materials in the Chilean media, maintained a number of assets
16 or agents on major Chilean newspapers, radio and television
17 stations, and manufactured "black propaganda -- that is, material
18 falsely purporting to be the product of a particular group.

19 Let me give you an illustrative range of the kinds of
20 propaganda projects that were undertaken in Chile during the
21 years under discussion, 1963 to 1973:

22 Subsidization of two news services to influence Chilean
23 public opinion; operation of a press placement service;
24 support of the establishment of a commercial television service
25 in Chile; support of anti-communist propaganda activity

1 through wall posters, leaflets, and other street actions;
2 use a CIA-controlled news agency to counter communist influence
3 in Chile and Latin America; placement of anti-Soviet
4 propaganda on eight radio news stations and in five provincial
5 newspapers.

6 By far the largest -- and probably the most significant
7 in this area of propaganda was the money provided out to El
8 Mercurio, the major Santiago daily during the Allende regime.

9 The second category is that of political action.

10 In the intelligence trade, covert political action aims
11 to influence without attribution to the United States political
12 events in a foreign country. Political action can range from
13 recruiting an agent from within a foreign government for the
14 purpose of influencing that government to subsidizing political
15 parties friendly to U.S. interests. Starkly put, political
16 action is the covert manipulation of political power abroad.

17 In Chile the CIA undertook a wide range of projects aimed
18 at influencing political events in Chile, and here are some
19 of them:

20 Wrestling control of Chilean university student organization
21 from the communists; supporting a women's group active in
22 Chilean political and intellectual life and hostile to the
23 Allende government; combatting the principal communist-dominated
24 labor union in Chile.

25 The most impressive political action in Chile was the

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1 massive efforts made over the decade from 1964 to 1974 to
2 influence the elections. The Central Intelligence Agency in
3 1964, for example, spent over \$3 million in election programs,
4 financing in this process over half of the Christian Democratic
5 campaign.

6 The charts that I show you here give you some idea of
7 the measure and extent of the support that I have been
8 talking about. Propaganda, \$8 million, producing and disseminating
9 propaganda and supporting mass media, roughly \$4 million, and
10 down the line.

11 These are the various techniques of covert actions and
12 the expenditures from 1963 to 1973 to the nearest \$100,000
13 that we have been able to determine in the staff's work on
14 the techniques of covert action in Chile.

15 Finally, Mr. Chairman, in all the cases I have described,
16 the major objective of U.S. covert policy in Chile was to
17 influence, control, contain, and manipulate political power
18 in the country.

19 Mr. Chairman, against this background on the meaning and
20 varieties, and in certain respects, the funding of covert
21 action in Chile, I want to turn to Mr. Inderfurth, who will
22 discuss the major covert activities taken in Chile in
23 specific detail.

24 Thank you, Mr. Chairman.

25 The Chairman. Thank you, Mr. Bader. What is the

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1 population of Chile?
2 Hold that chart for a moment.
3 Mr. Bader. Roughly 2 million, Senator.
4 The Chairman. Roughly 2 million. And the total we
5 spent in attempting to influence the political process in
6 Chile came to what?
7 Mr. Bader. In the 1964 election it came to roughly
8 \$3 million, \$2.6 million or \$2.7 million.
9 The Chairman. The total on this chart comes to what?
10 Mr. Bader. \$14 million, Senator.
11 The Chairman. \$14 million. Have you worked that out
12 on a per capita basis?
13 Mr. Bader. I believe Mr. Inderfurth has.
14 The Chairman. The \$8 million represents just a little
15 less than \$1 a person in direct contributions to the political
16 party.
17 Senator Tower. Mr. Chairman, to get it into perspective,
18 I might say that I spent \$2.7 million to run for election in
19 1972 in a state with a population of 11 million.
20 The Chairman. If we look at that in terms of all
21 population, national population of 200 million, that would be
22 comparable to \$160 million of foreign funds. If a foreign
23 government were given to interfere directly with the American
24 political process in comparable terms, that \$8 million would
25 equate roughly with \$160 million of foreign government money

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pumped into our process, wouldn't it?

Mr. Bader. That's right. That's correct, sir.

The Chairman. Based on comparable per capita population.

Mr. Bader. In 1964, for example, it would be comparable in the American political scene of \$50 million of outside foreign funds coming to the American election, the Presidential election of '64.

Mr. Inderfurth. As a comparison in the '64 election, President Johnson and Senator Goldwater spent combined \$25 million. So there would have been a \$35 million difference there.

The Chairman. Would you please restate that?

Mr. Inderfurth. The \$3 million spent by the CIA in Chile 1964 represents about 30 cents for every man, woman, and child in Chile.

Now if a foreign government had spent an equivalent amount per capita in our '64 election, that government would have spent about \$60 million, as Mr. Bader indicated.

Now President Johnson and Senator Goldwater spent \$25 million combined, so this would have been about \$35 million more.

The Chairman. More than twice as much as the two American Presidential candidates actually spent.

Mr. Inderfurth. That's right.

The Chairman. All right. Mr. Inderfurth, would you

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continue?

Mr. Inderfurth. Fine.

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STATEMENT OF RICK INDERFURTH

Mr. Inderfurth. This portion of the staff presentation will outline the major programs of covert action undertaken by the United States in Chile from the early 1960s through 1973. In every instance, covert action was an instrument of U.S. foreign policy, decided upon at the highest levels of the government. We will begin with the first major U.S. covert action in Chile, which was the 1964 Presidential election.

The '64 Chilean election was viewed with great concern in Washington. The New York Times reported: "Officials said they could recall no other foreign election since the Italian elections in 1948 that had caused as much anxiety in Washington as the one in Chile."

The United States was involved in the 1964 election on a massive scale. The Special Group, which was the predecessor of today's 40 Committee, authorized over \$3 million between 1962 and 1964 to prevent the election of a Socialist or Communist candidate. In all, a total of nearly \$4 million was spent by the CIA on some 15 covert action projects. These projects ranged from organizing slum dwellers to passing funds to political parties.

The groundwork for the election, or the plumbing, as it is sometimes called, was laid early in 1961. The CIA established relationships with key political parties, as well as propaganda and organization to influence key

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1 sectors of the population. Projects that had been conducted
2 since the 1950s among peasants, slum dwellers, organized
3 labor, students, and the media provided a basis for much of
4 this pre-election covert action.

5 Covert action during the 1964 campaign was composed of
6 two major elements. The first was direct financial support
7 to the Christian Democratic Party. The Christian Democrats
8 spent about \$6 million to get their candidate, Eduardo Frei,
9 elected. The CIA's contribution was slightly more than half
10 of this sum, or \$3 million.

11 In addition to support for the Christian Democratic
12 party, the CIA mounted a massive anti-Communist propaganda
13 campaign. That campaign was enormous. Extensive use was
14 made of the press, radio, films, pamphlets, posters, direct
15 mailings, and wall paintings. To give some feel for this
16 campaign, a few statistics might be helpful. During the first
17 week of intensive activity, a CIA-funded propaganda group in
18 Chile produced 20 radio spots per day in Santiago and on 44
19 provincial stations. Twelve-minute news broadcasts were
20 produced five times daily on three Santiago stations and on
21 24 provincial outlets. By the end of June, the group was
22 producing 24 daily newscasts nationwide and 26 weekly commentary
23 programs. In addition, 3,000 posters were distributed daily.

24 The propaganda campaign was, in fact, a scare campaign.
25 It relied heavily on images of Soviet tanks and Cuban firing

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1 squads and was pitched especially to women. Dis-information
2 and black propaganda were used as well. The CIA regards this
3 anti-Communist scare campaign as its most effective activity
4 undertaken on behalf of Eduardo Frei.

5 In addition to support for the Christian Democratic
6 party and the propaganda campaign, the CIA ran a number of
7 political action operations aimed at important Chilean voter
8 blocs, including slum dwellers, peasants, organized labor,
9 and dissident Socialists. This effort made extensive use
10 of public opinion polls and grass-roots organizing. In other
11 words, it was political campaigning American style.

12 Eduardo Frei won an impressive victory in the 1964
13 election. He received 56 percent of the vote. Now let's
14 turn to CIA activities in Chile between Presidential elections.

15 During the 1964 to 1970 period, the CIA spent almost
16 \$2 million on 12 covert action projects in Chile. One fourth
17 of this amount was authorized by the 40 Committee. Various
18 sectors of the Chilean society were affected. All of these
19 activities were intended to strengthen groups which supported
20 President Frei and opposed Marxist influences.

21 Two of the projects during this period were directed
22 toward Congressional campaigns, one in 1965 and one in 1968.
23 The 1965 election project is representative. The 303 Committee
24 approved \$175,000 for this effort. Twenty-two candidates were
25 selected by the CIA station and the U.S. Ambassador to receive

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1 funds. Nine of these candidates were elected. Thirteen
2 candidates of the Socialist-Marxist coalition, known then as
3 FRAP, were defeated.

4 Election efforts were not the only projects conducted
5 by the CIA during this period. Covert action efforts were
6 also undertaken to influence the political development of
7 various sectors of the Chilean society. One project helped
8 train and organize anti-Communists among peasants and slum
9 dwellers. Two projects worked within organized labor. One
10 was designed to combat a Communist-dominated labor union;
11 another was conducted in the Catholic labor field.

12 The media received particular attention during this
13 period. One project supported and operated wire services,
14 equivalent to our AP and UPI. Another supported a right-wing
15 weekly newspaper. The CIA also developed assets within the
16 Chilean press. Assets are foreign nationals who are either
17 on the CIA payroll or are subject to CIA guidance. One of
18 these assets produced radio political commentary shows
19 attacking the political parties on the left and supporting
20 CIA-selected candidates. Other assets placed CIA-inspired
21 editorials almost daily in El Mercurio and, after 1968, exerted
22 substantial control over the content of that paper's inter-
23 national news section.

24 Now let's turn to the period immediately preceding the
25 1970 Presidential election. The 303 Committee first discussed

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1 the upcoming election in April, 1969. According to a report
2 of that meeting, Director Helms commented that an election
3 effort or operation would not be effective unless an early
4 enough start was made. However, a year passed before any
5 action was taken. In March, 1970, the Committee decided
6 that the U.S. would not support any one candidate, as it had
7 in the 1964 election, but that it would instead wage a
8 spoiling operation against Allende's Popular Unity coalition.
9 In all, the CIA spent about \$1 million for this activity.
10 Half was approved by the 40 Committee.

11 The CIA's spoiling operation had two objectives: First,
12 to undermine Communist efforts to bring about a coalition of
13 leftist forces and second, to strengthen non-Marxist
14 political leaders and forces in Chile.

15 In working towards these objectives, the CIA made use
16 of a half-dozen covert action projects. An extensive propaganda
17 campaign was begun. It made use of virtually all the media
18 within Chile and placed and replayed items in the international
19 press as well. Propaganda placements were achieved through
20 subsidizing right-wing women's and civic action groups.
21 Previously developed assets in the Chilean press were used
22 as well. As in 1964, propaganda was used in a care campaign.
23 An Allende victory was equated with violence and Stalinist
24 repression. Sign painting teams were instructed to paint
25 slogans on walls evoking images of Communist firing squads.

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1 Posters warned that an Allende victory in Chile would mean an
2 end of religion and family life.

3 Unlike 1964, however, the 1970 operation did not
4 involve extensive public opinion polling, grass roots organizing,
5 or, as previously mentioned, direct funding of any candidate.
6 The CIA funded only one political group during the 1970
7 campaign. This was an effort to reduce the number of Radical
8 Party votes for Allende.

9 The CIA's spoiling operation did not succeed. On September
10 4, Allende won a plurality in Chile's Presidential election.
11 He received 36 percent of the vote; the runner-up, Jorge
12 Alessandri, received 35 percent of the vote. Since no
13 candidate had received a majority, a joint session of the
14 Chilean Congress was required to decide between the first-
15 and second-place finishers. The date set for the joint
16 session was October 24.

17 Now we will turn to the period between Allende's plurality
18 victory and the Congressional election. Mr. Treverton will
19 go into this period.
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15 1 STATEMENT OF GREG TREVERTON

2 Mr. Treverton. Thank you.

3 The reaction in Washington to Allende's victory was
4 immediate. The 40 Committee met on September 8 and 14 to
5 discuss what action should be taken. On September 15,
6 President Nixon met with Richard Helms, Henry Kissinger, and
7 John Mitchell at the White House. U.S. Government actions
8 proceeded along two separated but related tracks. Track I,
9 as it came to be called, aimed to induce President Frei to
10 act to prevent Allende from being seated. Track I included
11 an anti-Allende propaganda campaign, economic pressures and
12 a \$250,000 contingency fund to be used at the Ambassador's
13 discretion in support of projects which Frei and his associates
14 deemed important in attempting to influence the outcome of
15 the October 24 Congressional vote. However, the idea of
16 bribing Chilean Congressmen to vote for Alessandri, and against
17 Allende, the only idea for use of this contingency
18 fund which arose, was immediately seen to be
19 unworkable. The \$250,000 fund was never spent.

20 Track II, as it was called by those inside the United
21 States Government who knew of its existence, was touched off
22 by the President's September 15th instruction to the CIA.
23 It is the subject of the Schneider portion of the Committee's
24 recent Report on Alleged Assassinations. I will merely
25 summarize Track II here.

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1 Track II was to be run without the knowledge of the
2 Ambassador, or the Departments of State and Defense. Richard
3 Helms' handwritten notes of the meeting with the President
4 convey the flavor of that meeting. I will quote from his
5 note:

6 "One-in-ten chance perhaps, but save Chile.

7 "Not concerned, risks involved.

8 "No involvement of Embassy.

9 "\$10 million available, more if necessary.

10 "Full-time job -- best men we have.

11 "Make the economy scream."

12 Between October 5 and October 20, the CIA made twenty-one
13 contacts with key military and police officials in Chile. Coup
14 plotters were given assurances of strong support at the
15 highest levels of the United States Government both before and
16 after a coup. The CIA knew that the coup plans of all the
17 various conspirators included the removal from the scene of
18 Chilean General Rene Schneider, the Chief of Staff of the Army,
19 and a man who opposed any coup. CIA officials passed three
20 submachine guns to two Chilean officers on October 22. Later
21 that day, General Schneider was mortally wounded in an abortive
22 kidnap attempt. However, the group which received CIA weapons
23 was not the same group as the one which carried off the abortive
24 kidnapping of Schneider.

25 Along the other line of covert action, Track I, the
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1 United States Government considered a variety of means
2 considered as constituting quasi-constitutional measures to
3 prevent Allende from taking office. One of these was to
4 induce the Christian Democrats to vote on October 24 for
5 Alessandri instead of Allende, the first place finisher, with
6 Alessandri to promise to resign immediately, thereby paving
7 the way for new presidential elections in which Frei would be
8 a legitimate candidate.

9 Another scheme considered by the government was to
10 persuade Frei to step down, permitting the military to take
11 power.

12 Both the anti-Allende propaganda campaign and the
13 program of economic pressure were intended to support these
14 efforts to prevent Allende's accession to power. The
15 propaganda campaign focused on the ills that would befall
16 Chile should Allende be elected, while the economic offensives
17 were intended to preview those ills and demonstrate
18 the foreign economic reaction to an Allende
19 presidency.

20 A few examples: Journalist-agents traveled to Chile
21 for on-the-scene reporting; by September 28, the CIA had
22 journalists from ten different countries in, or in route to
23 Chile. The CIA placed individual propaganda items, financed
24 a small newspaper, and engaged in other propaganda activities.

25 Finally, the CIA gave special intelligence briefings to

1 U.S. journalists. For example, Time magazine requested and
2 received a CIA briefing on the situation in Chile, and,
3 according to the CIA, the basic thrust and timing of the Time
4 story on Allende's victory were changed as a result of the
5 briefing.

6 In the end, of course, neither Track I nor Track II
7 achieved its aim. On October 24, the Chilean Congress voted
8 153 to 35 to elect Allende. On November 4, he was inaugurated.
9 U.S. efforts, both overt and covert, to prevent his assumption
10 of office had failed.

11 Now let me turn to covert action between 1970 and 1973.

12 Mr. Miller mentioned a little while ago, in his 1971 State
13 of the World Message, President Nixon announced, and I quote:

14 "We're prepared to have the kind of relationship with
15 the Chilean government that it is prepared to have with us."
16 This cool but correct public posture was articulated by other
17 senior officials. Yet, public pronouncements notwithstanding,
18 after Allende's inauguration, the 40 Committee approved a
19 total of \$7 million in covert support to opposition groups
20 in Chile. That money also funded an extensive anti-Allende
21 propoganda campaign.

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1 The general goal of United States action toward Allende
2 Chile was to maximize pressures on his government to prevent its
3 internal consolidation and limit its ability to implement
4 policies contrary to United States interests in the hemisphere.
5 That objective was stated clearly in a Presidential decision
6 issued in early November 1970.

7
8 U.S. policy was designed to frustrate Allende's experiment in the Western
9 Hemisphere and thus limit its attractiveness as a model; and
10 the determination to sustain the principle of compensation for
11 U.S. firms nationalized by the Allende government.

12 Throughout the Allende years, but especially after the
13 first year of his government, the American Government's best
14 intelligence, National Intelligence Estimates, prepared by
15 the entire intelligence community, made clear that the more ex-
16 treme fears about the effects of Allende's election were not
17 well founded. There was, for example, never a significant
18 threat of a Soviet military presence in Chile, and Allende
19 was little more hospitable to activist exiles from other Latin
20 American countries than had been his predecessor, Eduardo Frei.
21 Nevertheless, those fears, sometimes exaggerated, appeared to have
22 activated officials in Washington.

23 Covert action formed one of a triad of official American
24 actions toward Chile. Covert action supported a vigorous oppo-
25 sition to Allende, while the "cool but correct" overt posture

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1 denied the Allende government a handy foreign enemy to use as a
2 rallying point. The third line of U.S. action was economic. The
3 United States did what it could to put economic pressure on
4 Chile and encouraged other nations to adopt similar policies.

5 The subject of this report is covert action, but those
6 operations did not take place in a vacuum. It is worth spending
7 a moment to describe the economic pressures, overt and covert,
8 which were applied simultaneously. The United States cut off
9 further new economic aid to Chile, denied credits, and made
10 efforts, partially successful, to enlist the cooperation of
11 international financial institutions and private firms in
12 tightening the economic squeeze on Chile.

13 Now to the effort of covert action itself. More than
14 half of the 40 Committee-approved funds supported the opposition
15 political parties in Chile: the Christian Democratic Party,
16 the National Party and several splinter groups. CIA funds
17 enabled the major opposition parties to purchase their own
18 radio stations and newspapers. All opposition parties were
19 passed money prior to the April 1971 municipal elections, the
20 March 1973 congressional elections, and periodic by-elections.
21 Covert support also enabled the parties to maintain a vigorous
22 anti-propaganda campaign throughout the Allende years.

23 Besides funding political parties, the 40 Committee approved
24 large amounts to sustain opposition media and thus to maintain
25 a large-scale propaganda campaign.

1 As mentioned before, a million and a half dollars went to
2 one opposition publication alone, the major Santiago newspaper,
3 El Mercurio, Chile's oldest newspaper. The United
4 States Government calculated that El Mercurio, under pressure
5 from the Allende government, would not survive without
6 covert U.S. support. At the same time, however, CIA documents
7 acknowledged that only El Mercurio, and to a lesser extent, the
8 papers belonging to the opposition parties were under severe
9 pressure from the Chilean government. The freedom of the press
10 continued in Chile until the military coup in 1973.

11 Let me say just a word about two specific topics which have
12 been the subject of great public interest: The first of these is
13 U.S. relations with private sector opposition groups during
14 the Allende years and United States actions vis-a-vis the
15 Chilean military. Covert support for private sector groups
16 was a sensitive issue for the U.S. Government during this
17 period because some of these groups were involved with anti-
18 government strikes and were known to agitate for a military
19 intervention. In September 1972, the 40 Committee authorized
20 \$24,000 for "emergency support" of a powerful businessmen's
21 organization at the same time the 40 Committee decided against
22 financial support to other private sector organizations because
23 of their possible involvement in anti-government strikes.
24 In October 1972, the 40 Committee approved \$100,000 for three
25 private sector groups, but according to the CIA, this money

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1 was earmarked only for activities in support of opposition candi
2 dates in the March 1973 congressional elections. On August 20, 1
3 the 40 Committee approved further money for private sector
4 groups, but that money was dependent on the approval of the
5 U.S. Ambassador and Department of State, and none of these
6 funds were passed before the military coup.

7 American decisions during this period suggest a careful
8 distinction between supporting opposition groups and aiding
9 elements trying to bring about a military coup on the other. But
10 given the turbulent conditions in Chile, such a distinction
11 was difficult to sustain. There were many close links among
12 the opposition political parties, private sector groups,
13 militant trade associations, and the paramilitary groups
14 of the extreme right. In one instance, a CIA-supported private
15 sector group passed several thousand dollars to striking truck
16 owners. That support was contrary to Agency groundrules, and the
17 CIA rebuked the group, but nevertheless passed it money the next month.

18 With respect to the covert links with the Chilean military
19 during the Allende years, the basic U.S. purpose was monitoring
20 coup-plotting within the Chilean military. To that end, the CIA
21 developed a number of information "assets" at various levels
22 within the Chilean military. Once this network was in place,
23 by September 1971, the CIA Station in Santiago and Headquarters
24 in Washington discussed how it should be used.

25 At one point, the Station in Santiago suggested that the

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1 ultimate goal of its military program was a military solution
2 to the Chilean problem. But CIA Headquarters cautioned that
3 there was no 40 Committee approval for the United States to
4 become involved in coup plotting. There is no evidence that
5 the United States did become so involved in coup plotting. Yet
6 several CIA efforts suggest a more active stance than merely
7 collecting information. One of these operations was a
8 deception operation involving the passage of information, some
9 of it fabricated by the CIA, which would alert Chilean officers
10 to real or purported Cuban involvement in the Chilean Army.

11 At another point, the CIA station in Santiago provided
12 short-lived financial support to one small magazine aimed at
13 military officers.

14 On September 11, 1973, of course, Salvador Allende was
15 toppled by a military coup. Let me just say several words
16 about Chile since the coup, and about U.S. covert action in
17 Chile since the coup.

18 After the coup the military junta moved quickly to
19 consolidate its political power. Political parties were banned.
20 Congress was put in indefinite recess. Censorship was insti-
21 tuted. Supporters of Allende and others deemed opponents
22 of the new regime were jailed, and the military leader, Augusto
23 Pinochet indicated that the military might have to rule Chile
24 for two generations.

25 The prospects for revival of democracy in Chile have not

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1 improved over the past two years. Charges concerning the
2 violations of civil rights in Chile persist. Most recently,
3 the United Nations report on Chile charged that torture centers
4 are being operated in Santiago and other parts of the country.
5 The Pinochet government continues to prevent international
6 investigative groups from free movement in Chile, and in
7 several instances, has not permitted these groups to enter
8 Chile at all.

9 After the coup, the United States covert action program in
10 Chile sank dramatically. No major new initiatives were under-
11 taken, and what projects were continued operated at a low level.
12 These consisted really of maintaining media assets and several
13 other small activities.

14 During this period, the CIA also renewed its liaison assets
15 with Chilean government's security and intelligence forces.
16 However, in doing so, the CIA was sensitive to worries that
17 liaison with such organizations would open the CIA to charges
18 of political repression, and the CIA sought to ensure that its
19 support for activities designed to control external subversives
20 were not used on internal subversives as well.

21 Thank you, Mr. Chairman.

22 The Chairman. Thank you very much.

23 That concludes the panel presentation.

24 There is another vote on the Senate floor. I think this
25 might be a good time for a brief recess to give the members a

1 chance to return.

2 (A brief recess was taken.)

3 The Chairman. The staff members on the panel have finished
4 their presentation, and before we go to our next witnesses,
5 Senator Goldwater has indicated that he has some questions for
6 the panel, and so I recognize Senator Goldwater for that
7 purpose.

8 Senator Goldwater. Mr. Miller, on page 6 of your presen-
9 tation, you say the record examined thus far shows that covert
10 action programs over the past 30 years have been successful
11 generally against weak nations and far less so against our
12 major potential enemies.

13 How many cases have you examined over the past 30 years?

14 Mr. Miller. How many cases has the Committee staff
15 reviewed? Well, in depth, Senator, we have done six. We have
16 reviewed in general terms the entire scale of covert action,
17 both in budgetary terms, geographical coverage, and with some
18 attempt to measure success and quality.

19 The reason for this disparity of success against the
20 major potential enemies such as the Soviet Union and China I
21 think are fairly clear. Those nations have very strong authori-
22 tarian governments. It is very difficult to collect information
23 there. It is very difficult to mount operations. It is not
24 the case in the nations which are not authoritarian in structure
25 or do not have such disciplined secret services, and have the

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1 police state that is not as effective as those of the Soviet
2 Union and China, but I do not think I should go into any
3 detail in open session.

4 Senator Goldwater. Well, has the Committee examined any
5 cases that involved Soviet Russia or Red China or any other
6 potential strong adversary?

7 Mr. Miller. We have in certain areas. We have had an
8 inquiry into particularly the areas of counterintelligence, and
9 also the area of collection.

10 Senator Goldwater. Are you saying we've conducted
11 covert actions against major potential enemies?

12 Mr. Miller. There have been attempts, particularly in
13 the period immediately following the end of the Second World
14 War, the beginning of the Cold War.

15 Senator Goldwater. Well, Mr. Chairman, I think this is a
16 rather important statement. I know we cannot discuss it in
17 public, but I would suggest that proper officials of the CIA
18 be recalled to testify as to what we have done in this general
19 field. If we are going to pick on Chile alone as an example
20 of covert action while we have heard testimony that there have
21 been covert actions against major enemies, I think we have
22 to look into that also, and I would request that Mr. Bader or
23 Mr. -- or any representative of the CIA be called back to
24 testify as to what we're talking about when we hear this kind
25 of testimony.

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1 The Chairman. Senator, I have no objection to your request
2 of this Committee. As far as I am concerned, I would like to
3 examine all of these covert actions in the past, because I think
4 so many of them have been wrong, and our problem is that
5 we cannot get the Administration to agree to any kind of public
6 presentation to any of these operations. It has only been as
7 a result of very extended efforts that we have been able to
8 present the Chilean case, to obtain the cooperation of the
9 Administration in a very limited way, with respect to sanitizing
10 the presentation to protect legitimate security interests of
11 the United States.

12 We've had no such offer from the administration with
13 respect to any other covert operation.

14 Senator Goldwater. We've heard nothing about any other
15 covert action such as has been discussed by Mr. Miller. Had
16 we heard of it, I think the members on my side would certainly
17 have requested that a study be done, and I would suggest that
18 if this team can do as thorough job on Chile as they have done,
19 they certainly ought to be able to do an equally good job
20 on a much larger country such as the Soviet Union or Red China
21 or any other large potential enemy. I don't think we can let
22 a statement like this stand.

23 Now, if Mr. Miller wants to change it, fine. But I don't
24 want to see this made a matter of public record that we, without
25 saying so, that we have conducted covert actions against

1 potential enemies of a large scale. I think this is wrong.

2 However, before you start I might say that had we seen
3 Mr. Miller's statement before he read it, we might have been able
4 to clear this up. We did not see any statements on this side
5 of the table. We listened to them, and I think this is the
6 first time in the whole history of this Committee that the
7 minority side had been sort of kept outside the tent.

8 And I just want to register my protest against that kind
9 of treatment. If the press is going to be given statements
10 that we're not allowed to see, I've served on these committees
11 before and I can tell you, when the bell of end comes, that is
12 when it rings. We didn't see the report until we sat down
13 today. If we're going to have to put up with that --

14 The Chairman. Senator Goldwater, may I simply say that
15 no member of the Committee on either side had the statement.
16 That was an oversight on the part of the Committee. Each
17 members should have had these statements before every Senator.
18 That is the normal procedure. That is the procedure that we
19 have followed in the past and will follow in the future. This
20 was purely an oversight and when it was called to my attention
21 I immediately asked that the statements be placed before all
22 members.

23 Senator Goldwater. Well, I would like to have an answer
24 to my request that we get a statement from the CIA -- if they
25 say they can't do it, then we're going to have to go higher, to
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1 see what we've done against the Soviets and Red China, because
2 to my knowledge we have done nothing.

3 The Chairman. Well, the covert operations have been
4 reviewed in executive session, all of them, and it has been the
5 objection of the Administration itself that has largely
6 prevented the Committee from developing any more cases in
7 public session than this one, and so I have no objection to
8 your request, Senator Goldwater, but I would solicit your help
9 with the Administration in hopes that we could clear the way
10 for a public presentation of other covert actions.

11 But it has been the opposition of the Administration and
12 their refusal to make witnesses available that has handicapped
13 the Committee in this regard.

14 Senator Goldwater. It might have been done in some other
15 administration. I'd like to find out whether it happened under
16 Kennedy or Johnson or Nixon or just who was the one that thought
17 they could perpetrate a covert action upon the Soviets. That's
18 a rather sneaky task. I'd like to know how they came out, not
19 that I'm opposed to it.

20 The Chairman. Well, Mr. Miller, do you have any further
21 response to the Senator's question?

22 Mr. Miller. No, I will endeavor to fulfill Senator
23 Goldwater's request. I think that is the best response.

24 The Chairman. Very well.

25 Well, while the panel is here, if anybody wants to question

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1 members, please feel free.

2 Senator Mondale?

3 Senator Mondale. Thank you, Mr. Chairman.

4 What do the records show to be the threat that we thought
5 we had to meet by frustrating and overthrowing Allende?

6 (Pause)

7 What is this, a commercial break?

8 Mr. Treverton. Well, let me say a word about that. The
9 question is, what -- you are interested in what the perception
10 of officials in Washington were about --

11 Senator Mondale. Why did we want to get rid of Allende?
12 What did our specialists say was at stake?

13 Mr. Treverton. There is some difficulty with that question
14 because as we pointed out in the report, there is some dif-
15 ference between what the government's intelligence specialists
16 were saying and the National Intelligence Estimates about
17 Chile and the threat it posed to the United States.

18 Senator Mondale. In other words, this was the apparatus
19 that we have established to collect information and evaluate it,
20 is that right?

21 Mr. Treverton. That's right.

22 Senator Mondale. And what did they say about the threat
23 that Mr. Allende posed to this country?

24 Mr. Inderfurth. I think the official threats that were
25 perceived had to do with the presence of the Soviets in Chile,

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1 the question of subversion of other Latin American Governments
2 using Chile as a base. There was a concern about a movement
3 by Allende, despite the fact that he had been elected consti-
4 tutionally, moving down the road toward a Marxist totalitarian
5 state.

6 There was a press conference given September 16th, 1970
7 in which -- it was a background press briefing, in which Dr.
8 Kissinger referred to the irreversibility of the Chilean
9 election, meaning that it was doubtful there would be another
10 free election in Chile.

11 So I think that these concerns, as well as the economic
12 concerns. The U.S. had quite a bit of private capital invested
13 in Chile. I think these were the motivating factors that had
14 raised our concern.

15 Now, in our examination of the NIE's, over a period of
16 time, the threat that Allende posed to Chile seemed to be less
17 shrill.

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1 Senator Mondale. On page 229 of the Assassination Report,
2 the CIA's Director of Intelligence circulated an intelligence
3 community assessment on the impact of the Allende government
4 on U.S. national interest.

5 Mr. Inderfurth. That's right.

6 Senator Mondale. September 7, 1970. It says, one, the U.S.
7 has no vital national interest in Chile and there could be some
8 economic losses. Two, the world military balance would not
9 be significantly altered by the Allende government. Three, an
10 Allende victory would create considerable political and
11 psychological cost and the hemisphere collision would be
12 threatened by the challenge of Allende.

13 Is that right?

14 Mr. Inderfurth. Yes, sir.

15 Senator Mondale. So that in terms of this nation's
16 interest, at least the 1970 estimate was that it did not
17 directly threaten America.

18 Mr. Inderfurth. That's correct.

19 Senator Mondale. Now did Mr. Allende ever act in a way
20 which undermined the democratic procedures established by
21 the constitution of Chile?

22 Mr. Inderfurth. That has been the subject of debate. Two
23 charges have been raised about his opposition to political
24 parties, as well as his opposition to the media. We have
25 looked into both of those areas and despite the fear that there
would never be another free election in Chile, there were in

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1 fact national elections, municipal elections, there were
2 Congressional elections, trade union elections continued, the
3 political parties prospered. Of course today you see there
4 are no political parties functioning in Chile.

5 Concerning the press, the record there does indicate
6 that Allende was exerting some pressure on the opposition
7 press, especially El Mercurio. There were instances in which
8 radio stations were closed. I think the number is three.
9 El Mercurio itself was closed down for a day, but the court
10 invalidated that and it was reopen the next day. There are
11 also charges that the government was attempting to take over
12 a paper company which was the supplying company for the
13 newsprint in Chile. The government backed off.

14 The NIE is taking note of this growing government
15 domination of the press, indicated that El Mercurio had
16 managed to retain its independence or had been able to continue
17 operating.

18 This was in 1971.

19 In '72 it stated that the opposition news media in Chile
20 persisted in denouncing the Allende regime and continued to
21 resist government intimidation. At no point during Allende's
22 regime was there press censorship. Of course that is the
23 state today.

24 So I think the record shows that in some ways he was
25 moving forcefully to stifle some of the opposition press, but

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1 certainly not all.
2 . Senator Mondale. In the hearings with Mr. David Phillips,
3 I asked Mr. Phillips on page 59, and he had extensive background
4 and experience in Chile, whether although -- is it your
5 judgement that although Allende was Marxist and espoused
6 Marxism, that he also wanted to achieve this through the
7 democratic process? And although there was some rough stuff
8 in the press, essentially that was the course he was pursuing.

9 Mr. Phillips said, I don't recall what he said but he
10 indeed acted that way. And did he attempt to achieve his
11 Marxist philosophy with popular support under the Constitutional
12 system? Mr. Phillips said, yes, essentially that is true.

13 Mr. Inderfurth. That is the record we have seen. In
14 Chile they have a term for it, Via Pacifica, which is the
15 peaceful road, which is the road that Allende had followed.
16 He had run for the Presidency four times, each time going back
17 to try again. And the record is unclear, obviously, where
18 he would have taken Chile.

19 Senator Mondale. They were afraid that although he
20 had never made a move by force to take it over, that he might.

21 Mr. Inderfurth. That was the concern.

22 Senator Mondale. Even though he'd never done it.

23 Mr. Inderfurth. That's right.

24 Senator Mondale. And I believe Mr. Kissinger, when we
25 asked him that, said what we are afraid of is that he would

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1 establish a Communist-dominated dictatorship very similar to
2 Portugal..

3 Mr. Inderfurth. He's used that example as well as
4 Cuba. The fear of another Cuba in Latin America was very
5 strong.

6 Senator Mondale. Thank you, Mr. Chairman.

7 The Chairman. Senator Hart.

8 Senator Hart of Colorado. I don't know which member
9 of the staff to direct the question, but there have been
10 suggestions that a considerable amount of money, which was
11 funneled into Chile from this country, went into assistance
12 of labor unions, trade unions, in Chile in support of strike
13 efforts against the Allende government.

14 Could you provide information to the Committee in this
15 regard as to amounts of money and whether in fact substantial
16 amounts did in fact provide covert support to strikers,
17 particularly between 1971 and 1973?

18 Mr. Inderfurth. I think the record here is clear, at
19 least from the approval stage. We have approved the records
20 and there was never a 40 Committee authorization for funding
21 strikers in Chile.

22 Shortly before the coup there was a CIA recommendation
23 for funding of the strikers. It is unclear whether or not that
24 proposal ever reached the 40 Committee, but it is clear that
25 the 40 Committee never approved any funds.

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5 1 The 40 Committee approval of funding private sector
2 organizations is another matter. These organizations were
3 sympathetic to and in support of the strikers, and on three
4 separate occasions the 40 Committee did approve funding for
5 these private sector organizations.

6 The total amount authorized was something over \$1 million.
7 The total amount spent was something around \$100,000.

8 Now these funds were provided with the contingency that
9 they would not filter down to the strikers, but at least in
10 one instance, and the sum is rather small, \$2,800. These
11 funds did go through a private sector organization to a striking
12 group. These were against the Agency's ground rules for
13 funding strikers. In fact, Nathaniel Davis, who was there at
14 the time, and the State Department, had strenuously objected
15 to any funding of the strikers.

16 So I think where we come out on that is that the 40
17 Committee never really approved any funds. A small amount
18 we know of did filter down.

19 Whether or not other CIA money that went into private
20 sector operations or private parties ever made it to the
21 strikers, we have not been able to determine from the record.

22 Senator Hart of Colorado. Why was there a policy
23 against this assistance to strikers?

24 Mr. Inderfurth. There's no question that the strikers
25 were creating the climate in which military coup appeared to

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1 be inevitable. So any direct assistance to the strikers would
2 be directly heating up, building up tension in Chile, which
3 eventually did lead toward the coup.

4 So whereas we would support El Mercurio, the political
5 parties, when you moved into the private sector area, you
6 got closer and closer to real tension within the society and
7 to the coup eventually.

8 So I think that was a concern.

9 Senator Hart of Colorado. That's all, Mr. Chairman.

10 The Chairman. Do any other Senators desire to ask
11 questions of the panel.

12 Senator Schweiker?

13 Senator Schweiker. Yes, Mr. Chairman. What time frame
14 did we start funding El Mercurio? Do you have any kind of
15 date as to when we started putting money into El Mercurio
16 as a CIA expenditure?

17 Mr. Treverton. The first funds went to El Mercurio in
18 the late spring of 1970 -- I'm sorry, the late fall of 1970
19 or the early spring of 1971.

20 Senator Schweiker. Did we previously put money into
21 assets prior to that period in El Mercurio?

22 Mr. Treverton. Yes. Part of that period we financed
23 assets. That is people who worked for El Mercurio and who
24 received small amounts of money from the CIA to write stories
25 or run stories favorable to American interests.

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1 We had not prior to that time provided substantial
2 support to the operation of the paper.

3 Senator Schweiker. And we are not certain when the
4 support for the operation began, or are we?

5 Mr. Treverton. We are certain. I just don't have it
6 right here in front of me.

7 Senator Schweiker. Is it prior to our involvement with
8 going ahead with the 1970 program against Allende? Or don't
9 we have that?

10 Mr. Treverton. It would have been after Allende's
11 inauguration. That is after the Track I, Track II period.
12 After the election period. It came in the period after
13 Allende's inauguration. We decided on this program to
14 support opposition parties and media.

15 Senator Schweiker. Would it have been before the September
16 the 15th meeting, 1970?

17 Mr. Treverton. It was after that. It was either
18 November, 1970, or April, 1971.

19 Perhaps I can give you the exact date.

20 (Pause)

21 Mr. Treverton. Perhaps it was as late as September, 1971,
22 so it was surely after the '70 election period.

23 Senator Schweiker. That's all I have, Mr. Chairman.
24 Thank you.

25 The Chairman. Senator Huddleston?

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1 Senator Huddleston. Thank you, Mr. Chairman.
2 I've not heard all the questioning and I hope I'm not
3 repetitious, but in the original presentation, it was not
4 clear in our relationship with the removal and subsequent
5 death of General Schneider that our policy clearly was it
6 was not that he should be done away with. There was no
7 tension there, although we were attempting to foment a coup
8 d'etat to prevent the ascension of Allende to President.

9 Also, I think it is important to understand that the
10 reason that General Schneider had to be removed was that even
11 though he was not a particular sympathizer with Allende,
12 he was a constitutionalist and he believed in his government's
13 constitution, which subordinated the military to the civilian
14 rule. And because of that, he was not interested in leading
15 a coup or participating in one.

16 Is that not accurate?

17 Mr. Treverton. Yes, those points are correct and well
18 taken.

19 Senator Huddleston. Thank you, Mr. Chairman.

20 The Chairman. Any further questions of this panel?
21 If not, thank you very much, gentlemen. We will call the
22 next three witnesses, Mr. Ralph Dungan, Mr. Charles Meyer,
23 and Mr. Edward Korry.

24 (Pause)

25 The Chairman. Gentlemen, in accordance with the practice

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1 of the Committee would you stand and be sworn?

2 Do you solemnly swear that all the testimony you will
3 give in this proceeding will be the truth, the whole truth,
4 and nothing but the truth, so help you God?

5 Mr. Korry. I do.

6 Mr. Dungan. I do.

7 Mr. Meyer. I do.

8 The Chairman. Thank you.

9 I understand each of you has an opening statement and
10 perhaps the logical way to proceed would be chronologically
11 starting with Mr. Dungan, please.

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1 TESTIMONY OF RALPH DUNGAN, FORMER UNITED STATES

2 . AMBASSADOR TO CHILE

3 Mr. Dungan. Thank you, Mr. Chairman.

4 Mr. Chairman and members of the Committee, I appreciate
5 your invitation to testify in this public hearing on U.S.
6 intelligence activities in Chile. You are ultimately interested,
7 I take it, in the question of what changes in policies, laws,
8 and administrative procedures are indicated as a result of
9 this Committee's inquiries and other information which has
10 been made public recently.

11 I am prepared to answer questions about any matter of
12 interest to the Committee about which I had knowledge and which
13 I can recollect, but I shall refrain with your indulgence from
14 mentioning names of either Chilean or U.S. nationals. As a
15 citizen who for many years in and out of government had
16 advocated stringent curbs on covert action, I must candidly
17 state that I have very serious doubts that further public
18 disclosure of specific instances of excess, of illegal or
19 immoral operations are necessary to enable the Congress to act
20 forthrightly, intelligently, and effectively in correcting what
21 has been for many years -- we now see with the amazing clarity
22 of hindsight -- a national disgrace. But whatever the Committee's
23 decision is with respect to the revelation of specific actions,
24 I intend to assist in any way that you think I can in your
25 difficult task. With the greatest respect to the members of

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1 this Committee, to the Senate, to the House, it is well to
2 remember that to the extent that excessed have occurred in the
3 past in Chile, or elsewhere, they have transpired under imprecise
4 Congressional mandates, haphazard Congressional oversight
5 and with moneys provided by the Congress.

6 During the 1964-67 period, when I was Ambassador to
7 Chile, U.S. covert activities in Chile were not extensive and
8 most were irrelevant to and not directed at Chilean political
9 institutions. They were on the whole directed toward the
10 gathering and cross checking of intelligence about internal,
11 hemispheric and international affairs. The Chief of Station
12 was an old hand in Latin America and had a strong bias toward
13 the intelligence function and shared my personal skepticism
14 about the desirability or utility of U.S. involvement in covert
15 activities not specifically oriented toward the collection of
16 intelligence. The names of CIA agents or sources were not
17 made known to me except on specific request. First-hand
18 sources tended to be on the political right.

19 In addition to covert intelligence gathering there were
20 three other types of covert activities -- my classification.
21 Those involving international targets or problems such as
22 surveillance of suspected agents from other countries, those
23 activities of the agency of a benign nature -- my term, benign --
24 albeit interventionist, such as support for a private agency
25 engaged in social or economic development, and finally

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1 those directed toward the influencing of some Chilean insti-
2 tution, individual, or even for the purpose of producing a
3 result which ostensibly advanced U.S. interests.

4 None of these three types of actions were extensively
5 engaged in Chile during the 1964-67 period. To the extent that
6 they were, especially as regards the latter category, that
7 is, intervening political activity, they were reprehensible
8 in principle, I now believe. I might add that at the time
9 they were relatively harmless and ineffective.

10 To sum up, during the 1964-67 period in Chile relatively
11 little covert activity was undertaken and little of more than
12 marginal significance or effectiveness was directed at Chilean
13 institutions or political processes.

14 It seems to me, Mr. Chairman, that we should accept the
15 fact that covert activity has characterized and will continue
16 to characterize statecraft. It would be foolish and hypocritical
17 for the Congress or the Executive Branch to pretend that we can,
18 will, or should abstain from covert activity. Nor do I think
19 that it is realistic to confine covert actions by law solely
20 to intelligence gathering or counter-intelligence, much as
21 one might be tempted to follow this course.

22 I noted with interest the staff report makes that point
23 very clear. You cannot distinguish intelligence from other
24 kinds of covert activity.

25 On the other hand, the inquiries of this Committee seem
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13 1 to me to establish conclusively the urgent need to define with
2 greater clarity and precision than we have in the past, the
3 limits we impose on ourselves in utilizing covert action in the
4 pursuit of our objectives. Of equal importance is the
5 necessity to establish processes and procedures which establish
6 an effective system of checks and balances in accordance with
7 the fundamental constitutional principle to which we subscribe.
8 I submit that as regards our treatment of covert action we
9 have neglected to apply rigorously either this principle
10 or the principle of enumerated powers.

11 It is difficult to specify in detail covert actions
12 which may be utilized but I believe that Congress should examine
13 the basic statutes under which the Agency operates with a view
14 to introducing general prohibitions against certain types of
15 actions except under extraordinary circumstances and pursuant
16 to specific approvals defined by regulation. For example, one
17 might wish to prohibit generally any action to be taken
18 outside the U.S. which if committed in the continental limits
19 would be subject to criminal penalties. Murder would be one
20 of those. I do not mean to suggest that this is the only or
21 necessarily the most important statutory guideline or restriction.
22 I use it only as an example.

23 If anything is clear from the record you have compiled
24 and from the experience of many over the years, it is that
25 individuals at all levels have taken great liberties without

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1 the knowledge or authorization or any responsible person
2 or group. To be fair, responsible persons may have knowingly
3 or unwittingly given some signal or tacit approval or so
4 it may have been perceived by those with operational responsibility
5 Suffice it to say that it is high time we state at least in
6 general what type of covert actions we as a nation believe
7 are permissible and in accord with our values and traditions.

8 I think that with respect to our intelligence activities,
9 we have forgotten that we are a government of laws and not
10 of men. We have relied excessively on the best and the
11 brightest. We need to return to a system grounded in law,
12 regulation, and procedure. Therefore, I believe that, at a
13 minimum, we need to develop more explicit procedures which must
14 be followed and approvals which must be obtained before
15 departing from the usual standards which should be set forth
16 generally in statute and, with greater particularity, in
17 regulation.

18 Mr. Chairman, as important as a general statutory definition
19 of the rules of the game is, it is of paramount importance that
20 a structure of statutory and regulatory checks and balances
21 be created promptly. One should strive for simple mechanisms
22 so that the lines of responsibility and accountability are
23 clear and unambiguous.

24 My experience and a reading of the record suggests that
25 any future President would be well-advised to appoint a deputy

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1 to the National Security Advisor whose sole responsibility
2 would be to monitor intelligence activities of all agencies,
3 especially covert actions. It is apparent to me now and
4 should have been in years past, that the special intricacies
5 of this field and the special responsibility of the President
6 strongly suggests the need for more capability than we had
7 in the early '60s in the Office of the National Security
8 Advisor. Those who might argue that this arrangement unnecessarily
9 concentrates in the President's office super-operational
10 power ignore, I believe, the burden which the President bears
11 in this area and his need for capable, informed, and independent
12 judgment.

13 While I feel less secure in this suggestion because I
14 do not consider myself an expert in the internal organization
15 and structure of the CIA, I think it worth considering the
16 adverse results which oftentimes flow from the establishment
17 of a permanent organization and cadre of bright, active
18 persons. Like any other bureaucracy, private or public,
19 an established group tends, following the Parkinson principle,
20 to generate work to keep it occupied. Where, as I believe
21 has been the case with CIA, a unit is amply funded, prides
22 itself in being gung ho and capable of response to the most
23 extravagant demands, you have the ingredients of trouble. If
24 you add a degree of ideological bias within the limit and
25 lack of restraint by political authority outside the unit,

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1 almost any excess is imaginable.

2 All of this leads me to suggest that a drastic cutback
3 in the number of persons involved both in the field and
4 Washington should be examined. As regards what is now known
5 as DDO, I would venture to say that the elimination of
6 permanent personnel and units dedicated to the perfection
7 of devices or techniques to meet esoteric contingencies would
8 go far to eliminate some of the excesses which have crept
9 into the system, and which you have documented very well.

10 I do not maintain that there are some capabilities
11 which should be maintained at the ready, but I suspect that most
12 could be energized as requirements arose and that any delays
13 which might be involved would be beneficial rather than
14 otherwise.

15 I am hopeful that these few remarks may be helpful to
16 the Committee, Mr. Chairman, and I stand ready to answer any
17 questions you may have.

18 The Chairman. Thank you very much, Mr. Dungan.

19 Mr. Meyer?
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1 TESTIMONY OF CHARLES A. MEYER, FORMER ASSISTANT
2 SECRETARY OF STATE FOR INTER-AMERICAN AFFAIRS
3 Mr. Meyer. Thank you, Mr. Chairman, distinguished
4 Senators.

5 I am present by your invitation, Mr. Chairman, and as
6 I wrote this on December 3rd, I hadn't received for study
7 your Committee paper on Chile. I had received the published
8 document on "alleged assassination." And quite obviously,
9 I hadn't a clue as to the staff statement which I understood
10 would introduce this meeting.

11 My statement, therefore, does not respond to any of
12 the specifics of your Chilean examination except that I am
13 not, never have been, and never expect to be party to
14 assassination.

15 Instead, if I may, I'll simply say that my reason for
16 being here in the context of the long work of your Committee
17 is that I believe it is fundamentally of great importance
18 to our country. I know little or nothing of the domestic
19 aspect of your work -- I'm focused on the international
20 aspect.

21 I want to start with a bit from the past, an excerpt
22 from a fascinating article in Smithsonian Magazine of January,
23 1975. The article, by Robert Wallace, is called, in short,
24 "The Barbary Wars."

25 "In Washington, Eaton, the U.S. Consul in Tunis, laid

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1 before Jefferson a scheme that had been developing among
2 Americans in the Mediterranean for a couple of years. The
3 Dashaw of Tripoli was a usurper, having stolen the throne from
4 an older brother who was now wandering forlornly somewhere
5 in Africa. Eaton proposed to find the brother, give him
6 sympathy and support and install him as rightful head of state.
7 Jefferson approved the idea and thus was launched the first,
8 although not the last, American effort to overthrow an
9 objectionable foreign ruler and put a cooperative one in his
10 place. Jefferson also chose to have that plot proceed quietly,
11 in twilight. He would send the would-be bashaw, through
12 Eaton, a few artillery pieces and 1000 small arms. Eaton
13 himself was to be given a vague title -- "Navy agent of the
14 United States for Barbary regencies" -- and placed under the
15 jurisdiction of the commodore of the Mediterranean squadron.
16 If he could accomplish something, fine. If not, small loss."

17 This issue, resolved by the U.S. Navy in 1815, was
18 piracy against American merchantmen and tribute paid by the
19 USA. It was in in modern translation, expropriation with
20 negative compensation.

21 Interestingly, the Barbary Wars story, while unique in
22 its time and place, has in it many of the seeds which over 160
23 years have grown into the forest of U.S. interest versus
24 foreign policy versus practice which this Committee is tring,
25 or so it seems to me, to cut its way through, not just

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1 intelligence.

2 Speaking to intelligence, I have to reminisce about
3 visiting President Kennedy at his request shortly after the
4 Bay of Pigs. He met me outside the Oval Office door and
5 after hells from both families, he held his arm next to mine
6 and said, "Hey, look, we're wearing the same suit." I
7 answered, "Not exactly, Mr. President, because I bought mine
8 at X and you bought yours at Y. He looked at me, paused,
9 smiled wryly and said, "Charlie, your intelligence is a hell
10 of a lot better than mine."

11 In support of his implication, I understand -- and I
12 hope accurately -- that this Committee has thoughtfully
13 recognized the essentiality of an intelligence capability
14 of the highest order as indispensable to the national and
15 vital interests of our country and indeed the free world.

16 If that is correct, the next question is what do you do
17 with it.

18 And that question cannot be fully answered without
19 concurrent consideration of the evolution of:

20 The perceived national interests, and the perceived
21 vital interests of our country.

22 The actions taken in the defense of these interests.

23 The decision-making process, both in relation to definition
24 of national and vital interests and in relation to actions
25 taken.

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1 All of us know that the Congress has played a large part
2 in the overt decision-making process in relation to national
3 interest, and the laws of our land are heavy with overtly
4 interventionist intent.

5 All of us know that an overview linkage has long
6 existed between the Executive and the Legislative in the
7 pure intelligence area, designating those on the Hill, by
8 Congressional action, who had a "need to know."

9 Therefore, when asked, as I constantly have been, what
10 is the Church Committee trying to do, I've replied that I
11 believed that this Committee under your Chairmanship, Senator
12 Church, was working apolitically toward a responsible mechanism
13 for definition of and defense of the national interest --
14 further, that I thought I knew many of you well enough to be
15 able to discern a high level of concern for the future quality
16 of and maintenance of U.S. moral leadership in concert with the
17 responsibility of political and economic and military preeminence,
18 and in a very tough world.

19 Given the accuracy of that evaluation, and the excellence
20 of the staff work done to date, I have in honesty asked
21 myself the question continuously whether the committee really
22 needs further testimony in depth on any geographical or national
23 area. That is not a question motivated by SYA -- but rather
24 by the hope that the formation by new parameters for policy and
25 practice at the dawn of our third century does not require

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1 that we throw the baby out with the bath water.

2 You all recognize that any action by the USA -- or
3 even perhaps specifically the action of revelation -- can be
4 destabilizing where least expected. My point is not whitewash
5 but that the staff has information from which to proceed
6 constructively. We three here, as Ralph has already said,
7 and countless others can be useful in consultation toward a
8 desired end -- we can countless others can be helpful in
9 arriving at answers to the many parts of the great questions
10 your Committee has raised, generic questions from the past,
11 but most importantly, questions for the future and not
12 answered easily:

13 Who in our sovereign nation should define and periodically
14 update our national and vital interests?

15 Who shall be the judge as to whether intelligence collected
16 indicated movements inimical to our interests?

17 What may our sovereign nation do, if anything, when
18 intelligence is judged to indicate movements inimical to our
19 interests and, who makes that decision?

20 And a question of my own -- given the ideal solutions
21 to these questions, what should our nation do about kiss and
22 tell syndrome which confuses public confession and traitorous
23 action. I wonder if somebody wrote that with an expatriate
24 entrepreneur agent in mind.

25 The future credibility of the USA will be tough to

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1 maintain no matter how high the level of international
2 judiciousness to which we aim if nobody trusts the USA to
3 keep a shared confidence in confidence or a shared secret
4 in secret. I know that all of you know from career experiences
5 that one of the agonizing processes in any aspect of public
6 life is that of learning what not to disclose.

7 Mr. Chairman and gentlemen, it has taken me since
8 Thanksgiving day to compress a kaleidoscopic view of the
9 complex world out there and my four years in it into these
10 observations. They are not subjectively motivated, but they
11 do reflect my objective conviction of the great responsibilities
12 you have shouldered.

13 Thank you for your invitation!

14 The Chairman. Thank you, Mr. Meyer, for your statement.
15 We have a vote again. I think we had better stretch so we will
16 hold a brief recess for the vote.

17 (A brief recess was taken)

End Tape 4

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The Chairman. The members of the panel will please return
Mr. Korry, you have a statement you would like to make at
this time?

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1 STATEMENT OF MR. EDWARD M. KORRY, FORMER UNITED STATES
2 AMBASSADOR TO CHILE

3 Mr. Korry. Thank you, Mr. Chairman and gentlemen.

4 I requested the CIA program in Chile. I planned much of
5 the covert action in 1970. I drafted most of the policy that
6 the United States pursued with the Allende Government in 1971,
7 the year of my departure. I met with President Nixon in the
8 Oval Office two weeks before General Schneider was murdered.
9 I talked with Dr. Kissinger before and after that grotesque
10 and inexcusable episode, and met with several layers of
11 CIA official men. I was propositioned by key Chileans anxious
12 to involve the United States in hair-brained plots. I
13 even attended a 40 Committee meeting.

14 Yet this is the first time I appear before your Committee.
15 For the past year I assumed, and I requested and demanded,
16 finally I implored to be interrogated by you gentlemen. I said
17 as I said today, that every cable of mine, good and bad, and
18 there were plenty of bad ones, could be open to the public.
19 No Daniel has ever tried so hard to get inside the lion's den.

20 The Chairman. Well, you are here, Mr. Korry.

21 Mr. Korry. Yes.

22 The equivalent of due process is what I was counting upon,
23 fair play, decency, justice, call it what you will, guaranteed,
24 I thought, at least one occasion to talk to you before you
25 wrote and published a report which deals with serious public

1 issues, grave questions of morality, and which invokes my name
2 often.

3 Again, and again, you, Senator Church, and your staff
4 promised a hearing. The fact, though, is that I was barred from
5 speaking to this Committee, even in executive session before
6 your Assassination Report was published and propagated, even
7 delayed this public appearance until they had their second
8 report on Chile written, reviewed and ready for the printing.

9 The Chairman. Mr. Korry, I don't mean to interrupt you
10 because if we're going to make charges --

11 Mr. Korry. I will make many so, sir, so perhaps it would
12 be better to save it to the end.

13 The Chairman. I just want to say that you were interviewed
14 for about five hours by a member of the staff. At that time
15 we were looking into the assassination question. We were
16 informed by the staff that you had no knowledge. Your transcript
17 showed that you had no knowledge of the so-called Track II,
18 which was the thing we were looking at, and it was for that
19 reason that we didn't call you in executive session for further
20 testimony. It was not for the purpose of excluding you. We
21 were looking for witnesses at that time who could give us
22 testimony relating to the general subject of assassination,
23 which was then the subject of our executive hearing. But it
24 was not for any purpose of excluding you.

25 The staff member who interviewed you concluded that you

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1 had no information to give on that subject. That was the only
2 reason why you were not called.

3 Mr. Korry. Mr. Chairman, if I may respond to just that
4 one point, if that were true, Mr. Treverton, the man who inter-
5 viewed me, would not have written subsequently to me asking
6 me to be prepared to address myself to questions on the
7 Assassination Report. I will submit his letter in the record.

8 So, to get back to the narrative. I wrote a 27 1/2 page
9 typewritten statement, 10,000 words, which you received
10 October 28th, according to the Postal Service. I asked that
11 each Senator be given a copy promptly so that each would have
12 one full week to consider it with care, but without publicity,
13 before I testified on the scheduled date, November 4th. I
14 thought it was only fair and honorable to give you an opportunity
15 to review the rather meaty disclosures I make, as well as the
16 charges I level against you, Senator Church, and the staff of
17 another Committee that you Chair.

18 I also wanted everyone to reflect on some rescuing truths
19 that America deserves and needs, truths that will push some
20 air into the suffocating national guilt that you, Mr. Chairman,
21 have done so much in the past three years to propagate.

22 Your staff, though, blamed your peers, Senator Church,
23 for the decision that the public hearing be delayed. I was
24 told that you, Senator, wanted the hearing, but minority
25 members, Republicans, were responding to White House pressure.

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1 The majority members, Democrats, were chary about what might
2 be said in public concerning the Kennedy years.

3 I now formally resubmit that written statement, together
4 with Mr. Treverton's letter to me, for the record.

5 The Chairman. Well, for the record, then, it is incumbent
6 upon me to say that your original statement, when it was
7 received, was distributed to all members of the Committee.

8 Mr. Korry. I didn't say that it wasn't.

9 The Chairman. They did have an opportunity to read it,
10 and I received no special request, based upon the reading of
11 this document, that you be called at executive session from
12 any member of the Committee, Republican or Democrat.

13 Mr. Korry. The Assassination Report was sent to me
14 after it was made public, out of courtesy, your staff wrote,
15 with what I considered to be an exquisite irony. And I read
16 it, I comprehended why it was indispensable that we be kept
17 apart. Almost every page of the chapter dealing with Chile,
18 almost every page, that is, of which I have some knowledge of
19 the facts, contains a dishonesty, a distortion, or a doctrine.

20 Much is made in the Assassination report of the "II Tracks"
21 that the U.S. policy followed in Chile in September and October
22 of 1970. The report stitches a new myth to suit some
23 consciences or some ambitions or some institutions. There are
24 many who it might the public and history to believe that
25 no real difference existed between the diplomatic Track I that

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1 I followed, and the covert military Track II that the White
2 House launched. It is hog wash. Track I followed Mr. Frei,
3 then the President of Chile and its constitutional leader. It
4 adopted certain minimal and cosmetic suggestions put forward
5 by one purportedly in President Frei's confidence. Track I
6 led nowhere because President Frei would not encourage or lead
7 any Chilean military action, and because I would neither have
8 the U.S. through the CIA or anyone else even in the private
9 community, assume a responsibility that had to be Chilean.
10 I never informed President Frei of the money which was
11 authorized for work for Track I, and not a penny, as you also
12 say, was spent on it.

13 Track II, on the other hand, did not deal with Frei, did
14 not seek his concurrence, did not follow his lead, did not
15 pretend to be within any constitutional framework of Chile.
16 Track II is the track to which I've often alluded and to which
17 my embassy had alluded in cables since 1969. The Socialist
18 Party, Allende's party, had conspired with the same plotters
19 in 1969's abortive coup by General Viaux and the extreme left
20 that is part of Allende's party, was very much involved as
21 the embassy reported. Indeed, the Allende government was
22 remarkably lenient in its punishment of killers, of Schneider's
23 killers, and of those incriminated, because among other
24 considerations, the military investigators who tracked and
25 named the murderers and their accomplices discovered the links

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1 to the extreme left activists who were intimates of and supporters
2 of Allende.

3 Now, why suppress that. Because of the propensity for
4 rewriting history, I state here some of the actions that I
5 took to follow a policy totally different in direction than Track
6 II and to protect the United States from any complicity in
7 Chilean military inventions.

8 A. I barred, from 1969 on, any U.S. Embassy or U.S.
9 military contact with the circle around General Viaux, the man
10 who planned the murder of Schneider. I renewed this ban in the
11 strongest terms again and again in 1970 and thereafter.

12 B. I barred the CIA, in late 1968 or early 1969, from any
13 operational contact with the Chilean military without my
14 prior knowledge and approval. I can recall no permissive
15 instance, from any contact with President Frei or any Minister
16 or deputy Minister, from any contact with any major political
17 figure without my prior approval, which was rarely given, or
18 any contact with the head of, or a leading figure in a
19 government agency.

20 C. I informed the Frei government at great personal risk,
21 without daring to inform the White House in the September 15 to
22 October 15 period of 1970 of the most likely assassin of Allende
23 a military man who was then involved in provocative acts,
24 bombings throughout Santiago. Major Arturo Marshal, General
25 Viaux's right hand man, was arrested thereafter, a few days

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1 before the assassination of General Schneider. Why suppress
2 that?

3 D. I dissuaded U.S. private citizens who were about to
4 be drawn into the machinations of Chilean military opponents of
5 Allende in the September-October 1970 period. I steered
6 them clear, on pain of being reported to their home offices.

7 E. I informed the Frei government unequivocally in
8 September and in October 1970 on several occasions that the
9 United States had not supported, had not encouraged, would not
10 any action by the Chilean military taken outside the
11 constitution, independent of President Frei.

12 F. I consistently warned the Nixon Administration,
13 starting in early '70, 1970, months before the election, that
14 the Chilean military was no policy alternative in Chile. I
15 was pressed in September and October by Washington to develop
16 possible scenarios for independent Chilean military intervention
17 in Chile. Without exception, my responses excluded all
18 possibilities. Indeed, I warned gratuitously and very strongly
19 on two occasions that if anyone were considering such schemes,
20 it would be disastrous for U.S. interests.

21 Let me read from two cables sent to Undersecretary of
22 State, U. Alexis Johnson and Dr. Henry Kissinger, so that the
23 public can judge for itself.

24 One, on September 25, "Aside from the merits of a coup
25 and its implications for the United States, I am convinced we

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1 cannot provoke one and that we should not run any risks simply
2 to have another Bay of Pigs. Hence I have instructed our
3 military and CAS" that is, the CIA, "not to engage in the
4 encouragement of any kind."

5 Again on October 9, the same two addresses, eyes only,
6 "In sum, I think any attempt on our part actively to encourage
7 a coup could lead us to a Bay of Pigs failure. I am appalled
8 to discover that there is liaison for terrorists and coup
9 plotting," names deleted. "I have never been consulted or
10 informed of what, if any role, the U.S. may have in the
11 financing of" names deleted. "An abortive coup, and I and my
12 chief State colleagues, FSO's, are unalterably convinced that
13 this is what is here under discussion, not more bekownst to
14 me, would be an unbelieved disaster for the U.S. and for the
15 President. It's consequences would be to strongly reinforce
16 Allende now and in the future, and do the gravest harm to U. S.
17 interests throughout Latin America, if not beyond."

18 Letter G. I was so alarmed by a coup possibility that
19 I requested my deputy, now the U.S. Ambassador to Venezuela,
20 in late September or early October to investigate my suspicion
21 that the CIA was "up to something behind my back." I questioned
22 him and others closely and repeatedly as to whether they had
23 discovered anything corroborative. No one could find any
24 basis for suspicion. So I asked on October 1 to fly to
25 Washington for consultations on how to deal with Allende in

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1 office. Permission was refused for ten days. I requested in
2 that same cable that executive sessions be arranged with
3 Senators and Congressmen, Permission was denied. At no time
4 did I suggest or did Washington instruct me to work for the
5 overthrow of the Allende Government. Let that be very clear.
6 At no time, to my knowledge, did the U.S. engage in bribery of
7 any Chilean congressman, at no time did anyone give me "a
8 green light", in September 1970, or any instruction in that
9 period, not firmly predicated on prior constitutional action
10 and concurrence of the Frei government.

11 At no time until I read it four years later in the New
12 York Times, did I see or hear the word "destabilize" in
13 connection with the policy toward the Allende government.

14 At no time did I recommend nor did I receive instructions
15 from Washington to follow with the Allende government any
16 policy other than the one I launched, against Presidential
17 preference, the policy I launched and pursued to reach an
18 understanding with it, the sole policy to which I adhered
19 throughout my four full years in Chile was to protect and to
20 strengthen liberal and progressive democracy in one of the
21 shrinking circle of nations that practices that form of
22 government.

23 I told President Nixon in the Oval Office in mid-October
24 1970 that the U.S. had to avoid a self-fulfilling prophesy,
25 however correct my reporting and analysis might be, by seeking

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1 generally an understanding with Allende, starting even before
2 his inauguration. I said this effort need not prevent subsidies
3 by the CIA to non-conformist media and to non-conformist, non-
4 extremist political parties which we knew, we knew from
5 superb CIA penetrations and from excellent State Department
6 reporting were soon going to be squeezed to the wall.

7 Starting a fortnight after Allende's inauguration in
8 mid-November 1970, the U.S. through me, with the support of the
9 State Department, made an unremitting, strenuous, innovative effort to
10 reach a modus vivendi with Allende, the culmination of which
11 was the offer to have the United States Treasury guarantee
12 long term bonds of the Chilean government.

13 And I would like to submit the unclassified, de-classified
14 I should say, cable summarizing that entire effort. It is
15 my only copy so I would appreciate it if somebody would make
16 a copy and return it.

17 The only deletions in it, sir, are those that refer to
18 the four western European countries who were briefed in detail
19 and who supported me in that effort.

20 Incidentally, that offer was far more generous than the
21 one made to the City of New York and New York State very
22 recently as you will see in that document.

23 Allende chose not to accept. The ultras in the leadership
24 of the Socialist Party vetoed compromising in any way with
25 "imperialism," and let me add that President Allende in July

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1 of 1970, three months before he was elected, said from a public
2 platform that the number one public enemy in the hemisphere
3 was the United States. They ruled out also any cooperation
4 with "the bourgeoise reformists" in the Christian Democratic
5 Party. They insisted on an all or nothing policy, even though
6 by 1973 the Soviet Union, China and others had refused to
7 encourage such a self-destructive, egocentrism. I hope you
8 comprehend my view that you report on Track I and Track II. It
9 does not accord with the facts. The authors do not seem to be
10 able to distinguish between a consultative process and an
11 action, nor do they comprehend that an ambassador, as the highest
12 ranking American in the country and the personal representative
13 of a President, can ignore, can reject, can string out, can
14 string along, can do many things with a "authorization".
15 Hence the report unconsciously, unconsciously falls in with
16 a monstrous black-white mythology foisted on this country during
17 the past three years, a morality fable in which American
18 officials were all Nazi-like bully boys cuffing around decent
19 Social Democrats, although Dr. Allende had his left Leninist
20 Socialist Party, had nothing but contempt for Social
21 Democrats, and although Dr. Allende, as the embassy had reported
22 for many, many years, had personally been financed from foreign
23 Communist enemies.

24 My time has run out. I had intended on November 4th, when
25 I thought I would come here to address the very complex and

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1 serious questions rightly raised by an inquiry into the
2 intelligence community. You forced me today to try to expose
3 what is wrong with government by headline. What happens
4 when the public interest turns into a porno-flick, a sensate
5 experience into a cynical careening from one superficial
6 sensation, dart guns, poison, and all that, to another, to
7 divert the public from the complexity of reality, what happens
8 to the civil rights of an individual, me in this case, but
9 it can happen to anybody, to the quality of political life,
10 to the national interest, to the truth, when moral fervor
11 runs over into the moral absolutism that has now led to the
12 desolation of Chile.

13 Thank you.

14 The Chairman. Yes, I agree it has led to the desolation
15 of Chile. I will have some questions.

16 But we have another vote, I am sorry to say, and we'll
17 have to take a short recess, and we'll come back for questions.

18 (A brief recess was taken.)

19 (The prepared documents referred to by Mr. Korry follow:)

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22

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24

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EDWARD M. KORRY
351 ELM ROAD
BRIARCLIFF MANOR, NEW YORK 10510

914 941-0137

October 23, 1975

The Honorable
Frank Church
United States Senate
Washington, D.C. 20510

Dear Senator Church:

I have, as you know, confirmed my desire to testify before the Senate Select Committee at its pleasure. Since I requested a CIA program and since that program has been linked both to the tragedy that wracked Chile and to the abuse of Executive power in this country, my appearance before your Committee is a moral imperative and a civic necessity.

As Ambassador to Chile four full years (October 12, 1967 to October 12, 1971) I wrote more cables and dispatches than any of my rank in that period, deliberately accounting, as best I could, to current consumers throughout the government, and to future political, economic and social historians, the motives, the atmospherics, the hopes and disappointments that enveloped my decisions and actions. For reasons of ignorance, of self-interest, of conflicting loyalties, of clashing principles and of percussive pressures of various types, not everything salient or sentient could be recorded even if comprehended then. Hence, new facts and fresh insights still can be contributed to an illuminating case study of the dizzying interaction of national security actions abroad, partisan competition for votes at home, covert activity, economic interests, espionage, ideological rivalries, social factors and individual wills, of how, in sum, the United States--not just the White House, and/or the CIA, the Embassy, and other Executive agencies, but the nation as a dynamic entity--strode, stumbled or sneaked to find its proper footing in the massive tides of history.

The Committee, as I understand it, has judicial powers. In effect, it sits as a court, a court of the people, one might say. As such, then, its function is to expose and to explore, without prejudice, the relevant facts, to sift their implications and to reach conclusions on past performance which will, in turn, permit judgments on future lines of conduct. Your direction as presiding officer of the proceedings have demonstrated that the Committee

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is not interpreting its mandate narrowly; it is examining an Executive branch decision-making-and-action process as it was affected by the intelligence agencies. It is, I submit, investigating one manifestation of Authority at a time when all forms of it are in, or near, crisis.

The US-in-Chile case is a thicket of ironies. Good and bad lie so close together, as Acton said, that to seek artistic unity of character, or purpose, or performance, is, in this instance, an anile absurdity. Your own role, no less than CIA's, illustrates the point. You would be judge and jury when justice and decency suggest that it would be more appropriate for you to be witness and defendant.

An outrageous proposition, you will doubtless retort, one that might, as I recognize from past experience with another of your investigative committees, provoke a prodigiously hostile and costly reaction. No matter. "My heart has followed all my days," the poet writes, "Something I cannot name." Mine cannot and will not live or die quiescently while you and others fashion a bedlam of humbug and a blaze of unwarranted national guilt. If we have entered the new era of ultra-brite, klieg-lighted honesty and openness, of "letting it all hang out" as you and your admirers advertise, then your wash must be pinned on the same sunlit line with mine. By that, I mean this appalling, disqualifying record:

1. You were Chairman of the Subcommittee responsible for Inter-American affairs of the Senate Foreign Relations Committee in 1969 and 1970 when I inquired of its staffman on three separate occasions, in Washington and in Santiago, if a Subcommittee meeting could be arranged. Each time, Mr. Pat Holt replied, with some embarrassment, that the Chairman did not wish hearings. He gave me to understand that Latin American affairs did not arouse sufficient interest or promise enough headlines to merit even one executive rump session. Your successor as Subcommittee Chairman was subsequently briefed on CIA operations in Chile, I am reliably informed, long before the leaks to the media by Congressman Harrington (and your staff) in 1974 of Mr. Colby's secret testimony earlier that year to a House Committee.

Is it unfair to compare your looking-the-other-way in 1969-70 to a sentry asleep on duty on the eve of battle? Is it not right to inquire how such a negligent guard turns up as presiding judge in the resultant court martial? Is it not logical to speculate that you did not wish to

know too much, did not want to be saddled with any responsibility for the agonizing decisions or recommendations that the best of public servants willingly confront, must confront, if our system is to avoid a demoralizing paralysis? Or was it disinterest in a taxpayer investment, authorized step by step by the Congress, of approximately \$2,000,000,000 (billions)--dollars of 1964-69 vintages and values?

2. You were, next, Chairman of the Subcommittee on Multinational Corporations of the Senate Foreign Relations Committee, having transferred to that limelighted role in mid-1972 when Jack Anderson published the sensational and grotesque ITT memos. Because my name appeared in several of those papers, I was, quite rightly, soon contacted (the summer of 1972) by Mr. Jack Blum, Subcommittee deputy Counsel. In his second utterance on the telephone, he said "ITT is trying to make you the fall guy, you know" (I didn't) and added that if I did not cooperate with the Subcommittee to "get" ITT and the White House people behind the corporation, the Subcommittee would "let" me be a scapegoat. My employers' attorney contacted Mr. Blum straightaway and in November, 1972, accompanied me as a silent inhibitor to my one pre-hearing interrogation with Blum and his superior, Mr. Jerry Levinson, the Counsel; we insisted they tape the multi-hour session. Events have justified your staff's zeal to expose and to rid the country of the then abusers of Executive authority although, I might add parenthetically, their lack of pursuit in certain areas is intriguing.

I ask, in this connection, however, if the Senate empowers its Subcommittees to abuse its authority with the same "enemies list" tactics of its targets? Would you say that the ends justify the means?

3. Your Counsel, Mr. Levinson, and I participated soon after in a Dusseldorf, Germany, Conference on Multinational Corporations, January 5-7, 1973 (two months before your Subcommittee began hearings). Levinson recounted to several participants one evening, in my presence, that the US government in 1963-64 had spent "\$12,000,000--even more" to defeat Allende. He elaborated briefly on the effort and purpose. When I asked him, in privacy later, how he could justify such past intervention and yet be so outraged by a very muted US hostility in 1970 against the same man and the same forces---a CIA program, in fact, whose reach and cost were tiny fractions of the earlier one---he replied that "we had a democratic alternative worth

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backing in 1964". Not for a second did he, your representative, argue that the United States had no moral right to intervene or that the CIA had no legal basis to engage in covert political action overseas or that international treaties forbade such intervention or that Allende and his forces had changed stripes. Quite the contrary. His was a partisan, an ideological, distinction. He contended, entirely erroneously, that the US in 1970 had supported a conservative candidate, Jorge Alessandri, when, in truth, my position, and therefore the Embassy's, was strongly biased (much to the annoyance of all of the CIA) in favor of President Eduardo Frei and his Christian Democratic party---the "Democratic Left" force that Mr. Levinson extols in his book The Alliance That Lost Its Way (Quadrangle, 1970); I had even argued in writing to the Nixon Administration that if the Democratic Christian candidate in 1970, Tomic, were, by the most unlikely miracle, to fashion and to lead a coalition with the Communists, as he proclaimed he would, it should not trigger US hostility. Even more relevant to the US Committee's inquiry, one powerful incentive for the structure I recommended of anti-Allende covert propaganda action in the 1970 campaign---no funds to any candidate or party---was my determination to guard against an indirect commitment by the US to a discredited Right that was so clearly in a minority and with whose tactics and objectives I was in profound disagreement.

My question to you here, Sir, is whether you were no less aware than Levinson in January 1973, and before, of the pervasive US intervention in the Chilean electoral campaign of 1963-64? Is it not a fact that you deliberately suppressed this chapter of US activities in Chile in your 1973 hearings and later, because of its partisan embarrassment, because it involved a President we both cherished? Is it not true, therefore, that you expended public funds to convert a public investigation into a private, internecine vendetta? Did you not grasp, by the way, that the 1963-64 covert operations involved the de facto overthrow of an existing government---that the program conceived by the Kennedy Administration and executed by the Johnson team to elect Christian Democracy depended on the prior repudiation by the Chilean electorate of the conservative political coalition in power, and that the US government, in many ways, worked to this end? Is it not, therefore, correct to assert that your energetic campaign the past three years to persuade the media and the world of the CIA's alleged "overthrow of a

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democratic government" in 1973 was, among other things, an effort to draw a false distinction between a past you labored to cover up and a present you willfully distorted for partisan and personal advantage?

4. Twice during our European stay in January, 1973, Mr. Levinson pleaded with me to help "get" President Nixon, Dr. Kissinger and others involved in the 1970 decisions affecting Chile. He asked how I, a lifelong "liberal" and a Kennedy admirer and appointee, could "defend" Nixon and Kissinger and company. I told Levinson, as I had others over the years, I had never voted for Nixon and had never contributed a penny or anything else to any of his campaigns; nor was Kissinger a friend, as I, no less than Levinson, was painfully aware. The issues for me, I told Levinson, were of another order:

A. I had been so opposed to the Marxist-Leninist forces represented by Dr. Allende, it would be craven dishonesty to seek dispensation by accusing others of actions based on shared perceptions;

B. It would entail the dredging of secret decisions and activities in a country where the Kennedy and Johnson Administrations had placed their highest hopes and the greatest per capita American investments, moral and material, in the hemisphere; such muck-raking, I said, might bury living Chilean politicians, and would muddy two dead US Presidents. The costs, I held, would be very high to this country's standing and to Chile's stability.

C. The Allende government had entered its third critical year and the US taxpayer still had in the balance hundreds of millions of dollars of US-Treasury-backed guarantees of American corporate investors plus more than one and a quarter billion dollars of other public monies; although I had no doubt that the Allende government was determined to levy this charge on the US taxpayer, I did not wish to give any further pretext.

D. The sum of these constraints, subjective and objective, and of the unending complexities flowing from them, were too overwhelming for me to play the dummy for him and for you.

My question here, Senator, is who authorized your Subcommittee to concentrate on "getting", to use the recurrent parlance of your staff, Dr. Kissinger, and to rewrite history, if necessary, to achieve that end? Why did you and Mr. Levinson, for example, manipulate the subsequent hearings

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and the background briefings to selected journalists---before, during and after those sessions---to propagandize the demagogic, specious suspicion that US actions in Chile, in my time, were motivated importantly because of fealty to, or concern for, the monetary interests of, the multinational corporations there? (What was true is that I had argued that the "Allende doctrine" of non-negotiable, unilateral grabs of US property, if unopposed, would be emulated by many others, in one fashion or another; I had said that the consequences of Allende's uncompromising behaviour would also reduce aid and investment, bilateral and multilateral, by a more isolationist US in those areas of the world that needed it most; I had avowed my fiduciary responsibility for the heavy taxpayer exposure through guaranties and the tied risks of other US government funds.) Did you not believe what Senor Raul Prebisch, the first Secretary General of UNCTAD (the third world grouping) and an Argentine economist and socialist of international repute had gratuitously declared, in Levinson's presence, to the Dusseldorf Conference, as the published record (Institute for International and Foreign Trade Law, Georgetown University, and Praeger, 1974) states:

"Ambassador Korry has given only part of the information on this matter (the evolution of relationships between multinational corporations and less developed countries) and I will complete it. The truth is that he was one of the first---perhaps the first---to develop this idea (of foreign corporate fade-out from absolute to shared or minority ownership in LDCs) but only within a narrow circle of friends. Indeed I had the privilege in 1967 to listen to his ideas about this matter presented with his customary lucidity. I have ample proof Ambassador Korry, while Ambassador to Chile, was instrumental in shaping new ideas in this matter of investment."

(He was, as you will see below, speaking of both the Allende and the Frei years.) Did Mr. Levinson not tell you, as he had written in his book, that my defiance of the Anaconda Company in 1969 enabled the Chilean government to gain immediate majority interest and control of that giant corporation's mines in what was the largest-ever peaceful transfer of resources in an LDC?

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Had you not been briefed on my persistent maneuverings in 1971 to prevent IIT from exploiting its Chilean difficulties at the US taxpayers' expense? Did you and Levinson not manage events to avoid any public airing of this or of additional reasons for IIT's hostility to me because it would not fit the single-minded partisan script you had drafted? Where was the moral compulsion to "get" at the truth as the public expected and indeed paid for?

5. Mr. Levinson's interrogation of me in public Subcommittee hearing brought out, inter alia, my confirmation of a CIA electoral program in Chile in 1970 as the New York Times reported prominently in a two column story March 28, 1973,---a full year and a half, no less, before the disclosures by Congressman Harrington (and Mr. Levinson) that led to the formation of the Select Committee. I denied then, as I do now, that we had ever attempted to bribe Chilean Congressmen. I asserted then, as I do again now, that I had imposed the most extraordinary precautions to prevent any U. S. complicity in a Chilean military insurrection against the Chilean government, either Frei's or Allende's, and that between 1969 and 1971, I had personally taken unusual---some today might say "high-risk"---measures to guard against such an eventuality. I maintained then, as I do now, that the United States had dealt with the Allende government, from the moment of his inauguration to the day of my departure eleven months and one week later more generously than anyone could have imagined or anticipated.

The United States was following, in fact, a sophisticated three-tier policy: diplomatically doing its utmost to negotiate a solution acceptable to the majority of Congress and to most Americans as fair and just by the most liberal measure; publicly adhering to a cool but correct posture; covertly providing funds that did, in fact, permit newspapers (and their labor unions), other media outlets and two major political parties to fulfill their democratic functions.

Is it not true that you and your staff were aware in 1972-3 of the hundreds of cables sent from Embassy Santiago between November 1970 and October 1971 reporting to Washington in swamping detail the genuine, the strenuous and the innovative efforts to reach an accommodation with the Allende regime? Is it not true that you decided to muffle this aspect

of the US-in-CHILE case? Is it not true that you and your counsel conscientiously stifled any public ventilation of an offer that Mayor Beame, Governor Carey and the people of New York, might have been intrigued by-- my offer to the Allende government, Marxist-Leninist in composition and thrust, to have the US guaranty its almost worthless bonds as part of a fair, non-dogmatic and inexpensive settlement of its conflicts with the US? Had I not provided on tape in 1972 the precise details to Levenson and Blum? Had I not informed four major Western powers of them in timely fashion? Was not Levenson also cognizant that even within the Allende government, not to mention several Santiago residents of international standing, such as Prebisch, ^{I had won support for} this unusual proposition?

Why shouldn't the public conclude that your deliberate coverup of a major initiative was indispensable to your concoction of a simplistic and monstrous black-white mythology---a legend in which the American bullyboys kicked and cuffed small and innocent social democrats because they only wanted control of their resources, and because they only wished to implement some progressive socio-economic programs, and besides, weren't they democratically elected? Why would a Senator of your moral repute and standing lend himself to, let alone lead and orchestrate, a campaign of such half-truths, outright lies or distortions to discredit not merely the Nixon Administration but an American society which had, in so many varied ways, participated in the government's covert operations?

Why was suppression so unavoidable or so essential when the truth, damning in some of its other implications, would have permitted a salutary and intelligent debate and appraisal of the perplexing issues involved in Chile? If Dr. Allende could, to my surprise, write a letter to the US President after my departure to praise my efforts, if his ultra-Socialist Foreign Minister Mr. Almeyda, could extol my endeavors to negotiate settlements before a multi-party farewell gathering for me in Santiago----- even though both men were aware of almost all CIA activities between 1963 and 1970-----why should a US Senator seek to erase so much of the tape of history?

Why, to take another example, did you and your staff let stand the impression in your final report that the US had not, in fact, ceased all further economic loaning to Chile in October 1968-----two years before the election of Allende and that in 1969, I had protested explosively this Nixon

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Administration decision? Did Mr. Levanson, (himself ~~****~~ a high A.I.D. official in Guatemala and Brazil, both repressive military regimes by the way, before his bureaucratic career was ended by Nixon's election,) not demystify the misleading AID statistical tables included in your Subcommittee's record? Why, too, did you bar from the final report and from the public the no less crucial information concerning the US offers, through me, of loans and credits to the Allende government, again and again in 1971, if it would only cease renegeing on President Allende's explicit promises to U.S. officials, reiterated often in Washington by its Ambassador? Did you and he not wish these rescuing facts, plain and provable, to kill your morality fable of the U.S. cutting off further economic aid to Chile because of Allende's "socialism" or "Marxism"?

Haven't your selective outrages and excisions the past three years been akin to a conductor performing Beethoven only with kettles and trumpets, reducing incredible complexity to the drum-and-bugle thumping of a political convention?

6. The State Department's Foreign Service observer at the 1973 hearings of your Subcommittee reported on the extraordinary daily working relationships between your staff and a Chilean Embassy diplomat. I witnessed it during my one day there. Doubtless, the State Department had not shared the coincidental intelligence that this Chilean had been nicknamed by fellow Embassy officials, also loyal to Allende, as the "Commissar". Nor would I suggest here that you perceived the thread of logic that led from Mr. Levanson's endorsement of this Chilean to the Chilean Embassy's reinforced influence with several very well-placed journalists in Washington, and how that success, in turn, amplified Allende's authority in Chile, in this country and in the world, at the price of moderation in Chile and of U. S. standing everywhere.

It is pertinent, though, to ask you why you should prefer such sources of information, guidance and judgments to the affirmation of not just one independent-minded Ambassador but the documented reports and analysis over many years of many, highly-regarded Foreign Service Officers? Why would you not even explore the antecedents of the Socialist Party of Chile or of its best known member, Dr. Allende? Was it because the immutable imprimatur of the official Party histories would strike at the heart of so many of your

postulations, preconceptions, and prejudices? Surely it wasn't necessary to agree with my recommendations or actions for you to let some light shine on the primordial phenomenon:---that the Socialist Party of Chile had unremittingly and vehemently opposed social democracy for a quarter of a century, that it was pledged against reform, and everything rational contained not only in the founding proclamations of Chile (and the US) but in those of the British, Swedish, or German Socialist parties? Why turn the blame uniquely on the U.S. when Dr. Allende's party had unwaveringly, for decades, espoused violent revolution for Chile and throughout Latin America---when it had gone on record in every national party conclave and in every meeting of its Central Committee for decades as extreme interpreters of Marxist - Leninist dogma who ruled out any ^{compromise} ~~XXXXXXXXXX~~ with the U.S.? Why hide the fact that the majority of this party's ruling Committee (by a vote of 11 for, 13 ^{abstentions} ~~against~~ and six absent) had refused to endorse Allende as the party's candidate for President in 1970 because of his 18 years of close collaboration with the less violent, but stronger and totally subservient-to-Moscow Communist Party of Chile? Why shouldn't there be a sober study of the implications of Allende having been the compromised recipient of large amounts of funds over many years from various Communist capitals and organizations? Or that his first foreign political act on the very day of his inauguration was to promise covert support to the Puerto Rican Independence movement? Why not explore the reasons for the US Embassy, in advance of his election, reporting the step by step process by which US influence--cultural, economic, commercial, political, and military---was to be extirpated? Or why we concluded before the elections the Communist and Socialist parties planned to use the default of their debts to the American taxpayer as a means to impose their political will on Chile and the U.S.

Most important query, can you grasp that your refusal to permit any serious consideration by the Congress, and therefore, the public, allowed you and thereby the Senate to be exploited within and without Chile in a disastrous, in a catastrophic, manner---that you unwittingly became a powerful agent, as an Allende apologist, for the polarization within Chile, and for the reign of terror that ensued? No American, not even Mr. Nixon, had more devastating effect in Chile, as I have good reason to assert, than you, Sir. No one proved the adage that "what is earnest is not always true; on the contrary error is often more earnest than truth".

7. Your man, Levenson, next acted as one of the two channels for Congressman Harrington, according to published reports, to divulge, to leak,

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in September, 1974, Mr. Colby's secret testimony on Chile. (Congressman Harrington's other channel was Mr. Laurence Stern of the Washington Post, a confidante of Levinson and of the aforementioned "Commissar" ^{who} published during the March, 1973, hearings of your Subcommittee a front-page story stating that the United States government had funnelled up to \$20,000,000 through official agencies in 1964 to elect Eduardo Frei. By design or accident, that story was timed to obliterate Frei, the strongest single democratic, moral and intellectual obstacle to the Marxist-Leninist revolution then entering its runaway phase.) Mr. Levinson, still your ongoing Subcommittee Counsel, was the anonymous source for the publication of the Harrington leak in the New York Times by Seymour Hersh on September 8, 1974. The Hersh stories of the week disseminated the impression that I was Ambassador to Chile for the two Allende years following my departure in 1971, that the CIA programs in Chile began ~~was~~ with the Johnson Administration in 1964, rather than with Kennedy, (just as Mr. Stern's above-mentioned story had), that the US government had sought to bribe, through me, Chilean Congressmen at the time of Allende's election, that I had denied to you and your Subcommittee any CIA involvement in the 1970 campaign in Chile, that I had invoked executive privilege to evade responses, that I had lied under oath and would be subject to immediate investigation for perjury. In his telephone calls to me some days later ~~for an extended time~~ Hersh identified Levinson as his source for the comments concerning me, as I stated in a letter to the Editor of the Times on September 13, 1974. He did so in the context of "now we are going to nail Kissinger" and "this time we have Kissinger" and appeals to me to help "got" Kissinger (as I informed the Times in my letter). Then, on September 17, 1974, Hersh reported in the Times to the effect that Levinson had presented you with a staff report urging strong action against Secretary Kissinger along with recommendations for perjury and contempt charges against five other former and active US officials including me.

Do you not find these accusations by your staff, leaked in sneaky anonymity without any prior notification, without any communication to me, of any kind, without any opportunity to this date to examine the charges or to rebut them, a callous, even criminal, abuse of US judicial process? Where is fairness? Where is decency? Where is morality? Where is the essential difference between your Levinson and illum and Senator Joseph McCarthy's Cohn

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and Shine? Or Mr. Nixon's dirty tricks department? How does it come about that a Senate employee paid by public funds can impose on the country, by trading secrets for space in the media on your behalf, his ideology, his politics, his double-standards of justice, morality, perception and action? Is it stretching the evidence to ask you why anyone in public life should not emulate this performance---to exploit the protection offered by a powerful and approving patron, to insist on his criteria, to convert every public interest matter into savage politics of ambition, to abuse his authority? Is this not the essence of the Watergate case? Is the lesson you would have the public draw that such abuse is tolerable as long as you agree with the abuser?

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I recite these details to prove the existence from 1972 to the present of a web of connected events in the new era of openness you proclaim so often that neither the public or the Congress seemed to be privvy to. Also, I wished to lay a foundation of fact to support the observations contained in this document, not the least of which is my initial questioning as to whether you have not disqualified yourself as judge and jury in anything relating to the US-in-CHILE case. They also provide an introduction to the fundamental issues on which the Congress must still decide.

You stated on national television this past summer (and on many other occasions in 1975) that you do not in any way criticize the efforts by the Social Democratic parties in Europe to aid their sister party and to save liberty and democratic process in Portugal. You added that if the US were to be involved in that effort, it would only embarrass and weaken the Europeans' endeavors and damage the Socialist Party of Portugal. You explained that your insistence on the CIA being tethered was based on the risk of exposure in Portugal. And then you emphasized with righteousness quivering from every pore that Portugal was quite the opposite of Chile because in the former a military dictatorship had been overthrown while in Chile the US engaged in overthrowing a democratically elected government.

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What unredeeming rubbish! Morally shameless, intellectually insulting, factually incredible and politically asinine.

Either the United States condones or does not covert political action. Either it does or does not condemn the interference by one government in another's internal political affairs and processes. (Because Olaf Palme or Harold Wilson or Helmut Schmidt can wear the hat of party leader for such exercises, it does not dilute his role as the leader of the government responsible for them.) Either the United States can display the Aristotelean capacity to discern that is the source of political wisdom or it should renounce its claims to thought, to appreciation, to moral leadership. To contemplate with equanimity covert political action by others---presumably Soviet as well as Swedish or German or British---and to worry aloud that the most powerful democracy might be nabbed if it defended principles in which it believed, is, to my mind, an incitement to every American to abjure his religious faith, his political beliefs, his humanistic yearnings, his pluralistic attachments. Yours is a prescription for isolation. Not just the isolation of a Fortress America but the more devastating entombment of mind and of spirit. No wonder Americans despise all politicians!

It is also a reckless invitation. Why should militant, terroristic, willful, or dedicated groups not read such a declaration from you---as indeed they did in Chile---as a signal to advance their stratagems, their interests, their passions, their absolutisms? After all, if they have the courage of their convictions, why not? Wasn't the lack of an inhibiting signal from the Nixon Administration---if not worse---an encouragement to the Chilean military in September, 1973, and, more horrifying, later?

As for the consequences of US covert action, you prove how much easier it is to predict the future than the past. Before the disclosure of the US covert efforts to block the imposition of Marxism-Leninism on Chile, you and your supporters maintained uninterruptedly that such defense of US interest, as perceived by me and others, would worsen the cold war tensions---that they would, for example, delay, impede, hinder, block meaningful negotiations with the Soviet Union, or, say, with Cuba. The cold war would go on, you forecast. Of course, the exact contrary occurred. Not to my surprise. I had predicated my Chilean recommendations on the assumption that if the US prudently defended its declared policies---the Congress's declared policies---the USSR and China would respect us and that they would become moderating

influence in Chile. Even after your rigged IIT hearings, Allende sent in mid-1973 to me (a private citizen in New York), a high official of his government to inquire if my 1971 offers could somehow be updated and revived. (I immediately apprised the State Department. As with all Allende dealings, and as he often boasted in private, appearance was much more important than reality; he could not, would not, oppose the veto of the Socialist Party leadership which insisted on the same all-or-nothing terms, according to that same official, now living in exile.) In Portugal itself, the same point applies. No sooner did the New York Times publish last month the reports of large-scale CIA involvement than the Lisbon government concluded its first major negotiation with Washington.

What might well be hypothesized, on the other hand, is that your declarations emboldened the anti-democratic forces within Portugal to emulate their ideological cousins in Chile, to ignore the majority will and to hurl the country into civil war if necessary to have their way. If one accepts the unarguable evidence that the Socialist Party of Chile was, in fact, a Left Communist party (since it had scorned and spurned the Third International for decades) and that the Christian Democratic party was, in fact, the democratic socialist party of Chile, by western European political standards, then you will comprehend why every event in Portugal since the overthrow of the Salazar dictatorship has repeated a Chilean experience---even the manner in which the non-democratic Left deals with the military.

You talked of the democratic elections by which Allende became President. If we were to consider the most exaggerated instance, the democratic election in prewar Germany of Hitler, am I to understand that you would have preferred the holocaust first rather than launch a covert action program to prevent excesses you knew were being planned by a "democratically-elected government"? Obviously not. We are, in Allende's case, not speaking of diabolical perversities of the Hitlerian dimension, nor are we talking ^{about} more than a modest, covert US effort to dissuade immoderation and to prevent it from running wild, as it did. The point is only that a human judgment based on the real world cannot be evaded by recourse to hollow slogans. In Chile, three successive US Ambassadors---each originally appointed to government by the Kennedy Administration---plus the Foreign Service, not to mention the CIA or John F. and Robert Kennedy, or an army of liberal American academicians, churchmen,

labor observers had over a period of eight or nine years stated that a government led by Allende and dominated by the Communist and Socialist parties intended to constrict very markedly, at the least, the two freedoms on which our form of democracy is based---of press and of association, particularly labor unions. In 1970, as in 1963, we knew beyond a shadow of reasonable doubt that an Allende government intended to use the processes and laws of what it called "formal democracy" to eliminate ~~it~~ and replace it with what it called "popular democracy"---an accurate description whose meaning is known to every member of the Congress. From 1961 to 1970, the Embassy, like the majority of Congress, agreed that such a development would do serious harm to US interests and influence-for-good in the world.

As far as interference in internal political affairs is concerned, the US Congress has been knowingly engaged in it for years. At very high cost. Not always with candor either. The voting or withholding of funds for food, for arms, for loans, had political aim, as often as not, although cloaked in the pretext of "development". Is it not fair to say that when the Nixon Administration ignored my explosive protests and denied further economic aid to the Frei Government in early 1969, it was casting a massive and deliberate political vote---with CIA connivance---for the Right, and ironically, for Allende? It could do so with impunity, incidentally, because groups such as your subcommittee on Latin American affairs had no interest. Who, then, had to deal with the consequences?

Or consider the same problem from another angle. The majority of Congress and of the American electorate have expressed, one way or another, the suspicion, or the finding, that the events surrounding the Watergate affair threatened democratic process in the US. Yet nothing Richard Nixon and his associates did, or even contemplated, began to approximate the actions of a Chilean President you persist to this day in labeling "democratic". Rock-hard information shows that Allende:

- A. Arranged for the covert importation and distribution of illegal arms ~~in~~ his country.
- B. Sought by bribery, coercion and covert political action to gain ownership or control of all media not conforming to government's desires.
- C. Blackmailed, literally, the two major opposition parties (the Christian Democrats and the Nationals) and many of

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their individual Senators and Congressmen, by threatening to expose incriminating, albeit generalized and customary, misuse of the loaning mechanism of the private banking system.

- D. Approved and shared very large bribes from foreign corporations.
- E. Flouted the will of an independent Congress by invoking dozens of times the rarely-used, ultimate constitutional device of "a degree of insistence" to ignore vetoes and/or legislation.
- F. Ignored major judicial decisions and denied the authority of the courts.
- G. Approved and exploited the altering of union ballots to win determinant control of the centralized labor union confederation and to become the first government in the hemisphere whose Minister of Labor was also head of the labor confederation (as was once the case in the Soviet Union).

Much more could be said. I would only inquire here by what elastic yardstick do you gauge "democratic". Is it the double standard that some apply to race? Is it that Latin America is somehow inferior, as your lack of interest in the late 1960s might indicate, and that "democracy" has a diluted definition for Chile? If so, I state here categorically that under Frei, Chile was one of the most politically free places on earth, freer, in fact, than the US. I assert, too, that had the United States not pursued my suggestion to provide covert aid to the media and to key politicians committed, I believed, to democratic and ~~and~~ irreversible constitutional processes, Allende would have unquestionably won control of the non-conforming media that mattered, of the labor hierarchies, and of a Congress transformed into a "Peoples Assembly". How long, by the way, do you think the independence of some newspapers and some radio stations whose vigor so impressed you in 1972 and '73 would have endured if I had furnished the details Mr. Levinson was so anxious to pressure out of me?

I don't know whether the disappearance of democracy in Chile merited a \$2,000,000 insurance policy in covert action, as I proposed in 1970, on the two billion dollars voted by Congress in the previous decade to safeguard the ~~rest of Latin~~

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America. I know only that I had said at the beginning of 1968 and in the 1969 annual Embassy Policy Statements that the only vital interest the US had in Chile was that it remain a democracy and that if we were to become indifferent to the fate of democracy in a country of Chile's caliber, we would inevitably become indifferent to how we practiced democracy at home, a forecast that I believe was borne out.

By mid-1970, a number of other motivations---strategic and tactical, international and regional, weighed so heavily that I ^{was} softened my previous iron determination, often expressed, to have the US stay on the sidelines, to follow a strictly non-interventionist policy. ~~Present~~ I suggested a modest electoral propoganda program ^{and then, one for political action}. You may not wish to have all my reasons discussed in public but I am prepared to do so. ~~However~~, I offer here the full catalogue for public perusal:

1. The avowed aims of the Marxist-Leninist Socialist and Communist parties, and of their governmental leader, Salvador Allende, to eliminate "formalistic" democracy---the kind that the United States, Canada, Sweden and Britain have---and to replace it with "popular democracy"---the kind that Cuba, East Germany and Czechoslovakia have.

2. The declared aims of the two parties to extirpate US influence in Chile and in Latin America---to treat ^{the US,} in Allende's pre-election words, as "public enemy number one" in the hemisphere.

3. The Allende Government's intention, as reported painstakingly for ~~years~~ ^{years} in reams of Foreign Service Officer cables and dispatches, in thousands of CIA messages from clandestine sources, in the assessments of the three successive Ambassadors in Santiago, from 1961 to 1970, each appointed to government originally by John F. Kennedy, to align itself with the Castro government in Cuba in a hemispheric effort to wipe out US influences, and to become, in the words of John F. Kennedy "a second bridgehead" for the Soviet Union in the hemisphere.

4. The knowledge that an Allende government would seek to maneuver the United States into a scapegoat role so as to avoid repayment of ^{an} amount approaching one billion dollars in loans originating with the US taxpayer and to justify the unpaid--the uncompensated--nationalization of US citizens property guarantees by the US taxpayer under Congressional legislation in the amount of hundreds of millions of dollars.

5. The certain knowledge that the Soviet Union and other Communist governments and organizations had provided for many years and were providing

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very substantial sums for covert political action to the Communist party, to the Socialist Party and to Allende himself. Therefore we anticipated (as quickly proved to be the case in 1971) that the USSR and Cuba would exploit fully these relationships and that the USSR might (as promptly occurred in 1971) exert strong pressures on the Chilean armed forces with the active support of Allende, to accept it as the main military supplier and military advisory group.

6. The certain knowledge that the Christian Democratic Party (PDC), the largest single political grouping in Chile and the representative of the Democratic left, would be the main internal target of the Marxist-Leninist government. I had very, very, good reasons to anticipate that the party would not have the material means or the moral or organizational impetus to sustain itself as a vital party in Chile for very long without outside help in advance of its certain crisis. The PDC owed large amounts of money to banks the Allende government would quickly nationalize; we reckoned that the Allende government would exploit bank nationalization to blackmail, to coerce and to starve financially (as proved to be the case starting quickly in 1971) numerous and influential members of the party. The Allende ^{Government's} objectives were to silence political opposition, to compel the Congress to accept its bills, and most important, to destroy the PDC by sowing internal dissension at every level. The PDC owned no national newspaper, had no TV outlet and influenced few of Santiago's many radio stations at the time of Allende's election although it had been the government for six years.

7. The certain knowledge that the Allende government planned to gain quick control by coercion, bribery and monopoly authority (over all credit, imports and prices) of the major independent media outlets. The CIA persuaded me---and I believe today their assessment was probably correct---that the affluent proprietors could not alone sustain for long the huge deficits the Allende Government would (and did) rig or would be willing to undertake such risky and costly non-conformity on their own---without some material manifestation of a shared US concern for a free press.

8. The certain knowledge that the Allende government planned to use bribery, coercion and its monopoly powers to achieve monopoly control of organized labor. (The Allende government did, in fact, resort to large-

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scale stuffing/ballot boxes according to non-CIA, US government evidence to prevent Christian Democrats from diluting the Marxist-Leninist hold on Chile's one Confederation of Trade Unions. Under Allende, Chile became the only country in the hemisphere ever to imitate a Soviet example by having the Minister of Labor, a Communist, also head the trade Unions.

9. The certain knowledge that the Kennedy Administration had perceived the threat no differently than I and that it and the Johnson Administration had acted covertly on the same premises as I recommended, but in a far more pervasive, riskier and costly manner than I ever contemplated and that the inertia of the massive commitments, both covert and overt of President Kennedy and President Johnson, in and to Chile, could not be ignored. I saw my true role as not saying "whether" but "how" and "when" the US would intervene.

10. The conviction that were the US to act indifferently to the fate of a system as represented by a government (Frei's) it had most favored in the hemisphere because of its attachment to political democracy and to dynamic social justice, the effects would be devastating in other countries where a communist party had meaningful political influence or where ultra-Marxist-Leninists might play a significant role. I had in mind not only, or even primarily, Latin America. Chile appeared to share Western European political structure and outlook, so I spoke then to Washington of France, Italy, Spain--even Japan. It was a time, you may recall, when de Gaulle was almost swept from power by a Marxist-Leninist revolution.

11. The probability that the governments in Moscow and Peking would misread US indifference in Chile. I speak not of rhetoric but of action since neither of the governments in those places are impressed very much by words alone. The very highest levels of the Soviet Party dealt personally with Chile and the Chilean Communist party, before and after Allende's election. The Soviet Union sent as its Ambassador to Santiago, after Allende's election, one of only three members of the Central Committee of the Communist Party it stationed in non-Communist capitals--the other two being Washington and Paris. Many other evidences are available to support my belief that the Allende experience was seen in Moscow as a precursor for other places. At the time of the Chilean electoral campaign, the US engaged in the reordering of its relations with the USSR and the PRC. I speculated to and in Washington that if the US did nothing to sustain a democracy of the caliber of Chile--

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a country which the US Government had told the Congress repeatedly would be the model for progressive democracy--then either or both the two major Communist powers might conclude that the US disasters in Indochina, the subsequent demoralization within the US and abandonment in Chile---in our own hemisphere---taken together with the evident crises in Western Europe at that time, signified a general Western collapse in the offing. They might, I said, adopt the analysis of the leadership of Allende's own Socialist Party--that the US was incapable of defending its interests and, as the leader of the Socialist Party, Sr. Altamirano, kept emphasizing in Chile, the collapse of the US would be hastened by kicking it hard and often.

12. The personal conviction that a "do nothing" policy would be a deliberate and cowardly disobedience of the intent of the Congress as repeatedly expressed in the legislative history of the Alliance for Progress, the Foreign Assistance Acts and National Security legislation. Moreover, in the particular case of Chile, the Executive Branch, from 1961 to 1968 had justified its massive involvement, both covert and overt, on the grounds that we were supporting a progressive and stable democracy, unique in Latin America. I said, and I say again today, that someone had to assume the fiduciary responsibility for commitments made by the Congress, in the taxpayers' name, moral and financial. My responsibility was to lay out the choices, to give my honest assessment, to argue lines of action, rather than await or hide the equivalent of a certain bankruptcy exploding in the face of policy-makers, taxpayers, and their elected representatives.

13. The conviction that a personal representative of a President has an inescapable obligation--moral, intellectual, and bureaucratic--to say to the White House what he honestly believes. Three successive Presidents had clearly enunciated to the public their vehement opposition to what Kennedy called the establishment of "a second bridgehead" in the hemisphere. Every president, like every Congress, has complained that deliberate disregard of their policies/^{by} self-serving bureaucracies undermined good government; in some cases, this Washington predilection encouraged paranoia.

14. The awareness that the US was overtly quite impotent. I had watched for three years how the extreme Left (the Communists and Socialists)

-21-

had joined the Right to thwart the massive investments and hopes of the US taxpayer and Congress. The Socialists and Rightists systematically sowed unrest in the military and combined to encourage Gen. Viaux in 1969 (as they would again with him and other Generals in 1970) to rebel against the Frei Government. The Communists destroyed the major party of the center, the Radicals, by wanton bribery and blackmail from 1966 to 1970; they also planted agents at key levels in the Christian Democratic Party to sow divisiveness at critical moments. The Communists, Socialists and Rightists combined to encourage inflation, to block land reform and other crucial Frei measures that might permit Chile to enjoy democracy and social justice in continued stability.

My views were thoroughly reported. They were aired, argued, weighed at every appropriate level in the State Department (in several offices thereof) as well as the CIA and, on very rare pre-election occasion, the White House. I disagreed vehemently with the CIA in 1968, 1969, and 1970 and so stated on the wires, or orally to responsible State Department officials. I know of no instance when I did not share my information or opinions with the Assistant Secretary of State for Latin America (including my private conversations in the White House) or when he, in turn, did not share my reports with his Foreign Service deputy and with his superiors. I know of no important instance when the Foreign Service Officers in Santiago most knowledgeable of the political situation were not consulted or did not share in the programming of US covert action. The US military was never consulted by me on covert programs.

I argued strenuously against any independent action by the Chilean military throughout my four years in Chile (see below for full details); I am told I "lost my credibility" in the White House because of my stubborn insistence in Sept.-Oct. 1970 on this point and that therefore the President used the CIA behind my back to deal directly with plotting Chilean generals to seek to prevent the inauguration of Allende. The bizarre episode had zero sum effect on either Chilean or US policies but it illustrates the dangers that were implicit in White House-CIA programs initiated in Chile by the Kennedy Administration without the knowledge of the then Ambassador.

I argued directly with President Nixon for a policy of attempted accommodation with Allende. I stressed the role I had played as a private citizen in the successful efforts in 1949-1950 to arrive at a modus vivendi with the Tito government; I said the US had to avoid a self-fulfilling prophesy, however, Approved For Release 2003/10/16 : CIA-RDP90-00735R000200080001-6 by seeking

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genuinely, an understanding with Allende. Starting a fortnight after Allende's inauguration, in mid-November 1970, the US, through me, with the support of the State Department, made an unremitting, strenuous, innovative effort to reach a modus vivendi with Allende, the culmination of which was the offer to have the US Treasury guaranty the almost worthless long-term bonds of the Chilean government.

Allende chose not to. The ultras in the leadership of the Socialist Party vetoed compromise in any way with "imperialism"; they also ruled out any cooperation with "bourgeois reformers" in the Christian Democratic leadership. They insisted on an all-or-nothing policy even though by 1973 the Soviet Union, China, and others had refused to encourage such a self-destructive egocentricity.

At no time did I suggest or did Washington instruct me to work for the overthrow of the Allende regime. At no time did anyone give me "a green light" or any instruction not firmly predicated on the prior action of the Frei government. At no time, until I read it four years later in the New York Times, did I hear or see the word "destabilize" in connection with US policy towards the Allende government. At no time did I recommend or did I receive instructions from Washington to follow with the Allende government any policy other than the one I launched (against Presidential preference) and pursued to reach understanding with it. (I have never been permitted, I should add here, to see the Colby testimony to the House Committee which the Messers Harrington and Levenson disseminated to the Washington Post and the New York Times. Nor in four subsequent years of sustained effort to root out the truth about what the Nixon Administration did in September-October 1970---and later---with the Chilean military, did anyone in State, CIA, NSC, or the military, verify my suspicions, articulated in timely and unmistakable alarms, by repeated cable before the events, until the staff of this Select Committee briefed me, sketchily too, this past summer.)

The sole policy to which I adhered throughout my four full years in Chile was to protect and strengthen liberal and progressive democracy in one of the shrinking circle of nations that practiced that form of government.

Much has been made by the staff of the Select Committee, and by others, of the "two tracks" US policy followed in Chile in September-October 1970; some would stitch a new myth to suit their consciences or their politics or their institutions; they would like the Committee to believe that no real difference was made by the policy followed and the

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"covert military" Track II the White House launched.

Hogwash!

Track I followed Mr. Frei, still the President of Chile and its Constitutional leader; it adopted certain minimal and cosmetic suggestions put forward by one purportedly in Frei's confidence; Track I led nowhere because President Frei would not encourage or lead any Chilean military action and because I would neither have the US, through the CIA, or anyone else, even in the private community, assume a responsibility that had to be Chilean. Track II, on the other hand, did not deal with Frei, did not seek his concurrence, did not follow his lead, did not pretend to be within the Constitutional framework of Chile. Track II slid into a trap to which I had oft alluded in my cables since 1969:---that the extreme Left had infiltrated the military plotters to encourage sedition and that it also acted, or would act, as agents-provocateurs. In the incident which ended with the murder of General Schneider, a man I respected greatly, the extreme Left was very much involved. Indeed, the Allende government was remarkably lenient in its punishment of General Schneider's killers and of those incriminated because, among other considerations, the military investigators who tracked and named the murderers and their accomplices discovered the links to extreme Left activists who were intimates of, and supporters of, Allende.

Because of your propensity for rewriting history, I list here in comprehensive form the actions I took to follow a policy totally different, in direction than Track II and to protect the US from any complicity in Chilean military adventures:

A. I barred, from 1969 on, any US Embassy or US military contact with the circle around General Viaux. I renewed this ban in the strongest terms again and again in 1970 and thereafter. I checked periodically by direct questioning of the CIA and of the military attache, and by corroborative investigation, to satisfy myself that this order was being carried out.

B. I barred the CIA, in late 1968 or early 1969, from any operational contact with the Chilean military without my prior knowledge and approval, (I can recall no permissive instance), from any physical contact with a colonel or higher rank, from any contact with Frei or any Minister or deputy Minister, from any contact with any major political figure without my prior knowledge and approval, from any contact with any member of, or a leading

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figure in a government agency aside from the approved liaison with the Chilean police. I checked in every conceivable way, regularly.

C. I barred from Chile, following the Viala uprising in 1969, the visit of any general officer of the US armed forces unless an exceptional and persuasive case were made to Washington and to me; I barred the visits of ~~most~~ US military personnel for any reason other than a strictly professional one. Military visitors became so rare the Chilean government and Armed Forces complained to me.

D. I reduced in 1968 and 1969 over strong opposition in the Embassy, in the Canal Zone, in the Pentagon and elsewhere in Washington, the number of military slots in the MAAG from 68 to a maximum of 14; I gave the Frei government the choice of any number from 14 to zero and told them I preferred zero---as I also told the Allende government as soon as it was installed.

E. I reduced the Military Attache strength in 1967-69 to roughly half by elimination of the Air Attache's plane, the deputy Air and Naval Attaches' positions and corresponding reductions.

F. I was the field leader in the hemisphere, starting in 1968 and continuing until my departure in 1971, of a campaign to eliminate the Southern Command in the Canal Zone and to transfer to the continental United States responsibility for a stripped-down military presence in the hemisphere.

G. I rebuffed, peremptorily, a very, very influential Chilean in October, 1970, (and again in 1971) when he (and others) urged me to pay some attention to the military.

H. I consistently warned the Nixon Administration that the Chilean military was not a fourth and covert policy alternative in Chile.

I. I informed the Frei government, without daring to inform Washington, in the September 15-October 15 period of the most likely assassin of Allende--- a military man then involved in provocative acts throughout Santiago. He was arrested soon thereafter, well before the assassination of General Schneider.

J. I dissuaded US private citizens who were about to be drawn into the machinations of Chilean military opponents of Allende in the September-October 1970 period; I steered them clear on pain of being reported to their home offices.

K. I sought to dissuade certain well-placed Chilean citizens who were my friends ~~from~~ ~~being~~ ~~drawn~~ ~~into~~ ~~the~~ ~~machinations~~ ~~of~~ ~~Chilean~~ ~~military~~ ~~opponents~~

-25-

of Allende.

L. I informed the Frei government unequivocally in September and October 1970 on several occasions that the United States had not supported or encouraged, and would not, any action by the Chilean military taken independently of President Frei, and without his prior knowledge and consent.

M. I replied to a query by a Chilean General to our Army Attache in September 1970 as to the US attitude towards a military much concerned over Allende's intentions that I was pleased to know they shared some of our own concerns but that I was confident the military would find a democratic way to protect the constitution of Chile. (The oral message was drafted by my deputy, a FSO.) I never heard again from the Chilean military on that subject.

N. I was pressed in September and October by Washington to develop possible scenarios for independent Chilean military intervention in Chile. Without exception, my responses excluded all possibilities. Indeed I warned gratuitously and very strongly on two occasions, I believe, that if anyone were considering such schemes, it would be disastrous for US interests.

O. I requested my deputy (now the US Ambassador to Venezuela) in early October 1970, to investigate my suspicion that the CIA was "up to something behind my back". I questioned him closely and repeatedly as to whether he had discovered anything corroborative; I also sniffed around the Embassy on my own. The DCM told me there was no basis for my suspicion.

P. The Nixon Administration and the CIA went to such pains to hide from me the so-called Track II---its covert dealings with the Chilean military---that my independent questioning the past five years failed to uncover an iota of proof. One former high US government official in mid-1975 told me only that I had "lost my credibility" in the White House when I opposed US actions to encourage or incite the Chilean military.

Q. The one occasion I lost my temper with another American in the presence of a witness was in September 1970 (see below) when the CIA station chief belabored me in the DCM's office for not applying pressure on Frei to move to stop Allende. I replied that either he renounce any such idea immediately or leave the country within 24 hours. No such pressures were ever applied as President Frei can attest and has attested.

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Track II had legitimacy because the CIA told the President what he wished to hear and what I had rejected:---that the Chilean military was a possible alternative to the three other policies we in the Embassy, State, and ~~other~~ Executive ^{agencies} had considered and, in effect, ^{we} adopted:---(1) to work out a modus vivendi, (2) to follow a cool but correct approach, (3) to harass and hinder, ^{and all at once} it was the same kind of legitimacy provided by the National Intelligence Estimate of 1968 which had so denigrated the Frei government's efforts, which echoed the views of only one minority segment of Chilean opinion (and, the Station Chief) and which led to the cutting-off of further aid to Frei's government.

The CIA is amoral. It was authorized by Congress to be so. It was paid to be. Its true power, I believe, originates not with its perceptions of the Soviet Union, or the Cold War, or even the dehumanizing nature of some of its operational assignments. It could operate behind my back, not merely with the President of the United States, but with Chileans, and private Americans, because the whole process of espionage and intelligence, like knowledge, confers immense power, and, because the CIA was the one permanent institution to tie the past to the present in the influential and pervasive arena of clandestine political activity. Neither the Kennedys or the Johnsons anticipated that their private, unrecorded, dealings with the CIA---and through the CIA with galaxies of foreign and domestic configurations---would inflate the independent power of the CIA; the Agency became the only repository of pregnant secrets once the Presidents and their respective advisers, left the scene. The CIA survived them. In Chile, the CIA could assert disingenuously to me that it was not involved in certain relationships because it was capitalizing on webs of relationships spun by the Kennedy Administration and unknown to me. In plain english, the CIA could deal with one person and calculate unerringly that the same person could deal with others, as they had in 1963 and 1964. In that sense, the CIA could be an "invisible" government.

The men and women of the CIA in Chile did a superb professional job for the most part; they were motivated by what they understood to be their rightful responsibilities and by precedents legitimized by successive presidents and Congresses. No law of the US was ever contravened, by letter or spirit, to my knowledge by anyone in Chile. (The one questionable

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occasion^{arose} when I was informed by the CIA that a CBS correspondent had been overheard in another country recounting, in an extremely provocative manner, to a Communist leader a background briefing I had provided the American press; I thanked the CIA for its solicitude and advised it to do absolutely nothing about it.)

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I have written the details for the first time for the public record because it is a sort of last testament, because I am outraged by what this generation of the American public---and Swedes and Germans and Japanese and Chileans and everyone---has been led to accept by contemptible panderers of false fables, and because it is also a reaffirmation of my faith in our system---in those in the Congress or the press or government who have a respect for objectivity and for history. I am wholeheartedly for public debate to define the role, if any, of a CIA. I am prepared to answer any questions, to stay in Washington as long as is necessary, to speak for the record and to back anything said herein or to the Committee by any verifying device.

But if the public is once again to be cheated, if it is to have dart guns pulled from a dusty shelf to wave for lurid titillation and headlines--- and not be told openly and adultly that the same gun had been displayed years earlier to an approving Congressional committee---then I fear the ultimate result will be a still lower esteem for politicians and politics. And that, Mr. Chairman, is what the extreme Left of Chile cultivated throughout the Frei years with the aims of eliminating Chilean democracy and of imposing their moral absolutism.

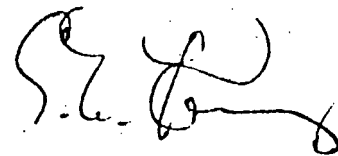
This letter is my public statement to the Select Committee. It is not, cannot be, all-inclusive. However, I request its prompt distribution to the Committee's members. I send it in time for your and their careful and private consideration.

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consultation with anyone. I have lived in almost total seclusion for many months. I have no connections (nor contacts) with any person in government, in the press, in the law, in commerce, banking or industry; I have no pensions, no obligations or favors or debts to any person or institution to influence my testimony other than my debt to this country and to history. I ask only that this statement, this letter, be included in the public record whenever the Committee publishes its first report on any aspect of the Chilean affair. My oral, prepared statement in public session will draw briefly on the foregoing and will deal impersonally with those matters the Committee staff has indicated the Senators wish to explore.

Sincerely,



Edward M. Kerry

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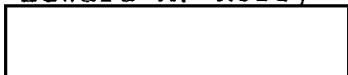
SELECT COMMITTEE TO
STUDY GOVERNMENTAL OPERATIONS WITH
RESPECT TO INTELLIGENCE ACTIVITIES

(PURSUANT TO S. RES. 21, 91TH CONGRESS)

WASHINGTON, D.C. 20510

October 20, 1975

The Honorable
Edward M. Korry



New York

Dear Mr. Ambassador:

I am pleased that you will be able to testify before the Committee about Chile. As I mentioned, the hearings will take place November 4, beginning at 10:00 a.m. It is planned as an open session; the ground rules still have not been agreed upon, but I will be in touch with you as soon as they are.

I thought it useful to send you suggested issues around which to organize a ten- to fifteen-minute opening statement, even in the absence of agreed ground rules. No doubt you will want to make a number of the specific points you made in our interview: the (1964) antecedents, your view of the 1970 elections, your ignorance of what we now call "Track II," your understanding of the limits of "Track I" and of any attempt to affect the outcome of the Congressional vote, your perception of Allende and of his government's attitude toward the copper negotiations.

In addition, you might address the following more general issues in your statement:

1. What was there in the Chilean situation after 1967-- and especially in 1970--that made other than overt, acknowledged action by the U.S. necessary or advisable? That might include both the advisability of general programs and of any specific involvements in the 1969 Congressional elections and the 1970 Presidential elections.

-2-

Wanda

2. Did your assessment differ from that of the Department in Washington? From CIA Headquarters? From the Chief of Station?

Was

3. What was the nature of consultation between you and members of the mission regarding the advisability of covert action? Did the sensitivity of the subject preclude consultation with officers whose knowledge and judgment would have been helpful?

4. What was the nature of consultation between you and Washington on the same question? Did the sensitivity of the subject preclude consultation with, for example, INR, DDI/CIA, or the Country Director?

5. Were you kept closely informed of any consultations between the Chief of Station and CIA Headquarters regarding Agency capabilities and the advisability of covert operations? What was your understanding of those consultations at critical junctures?

6. Did you seek to assess those capabilities yourself before recommending or concurring in covert action?

7. To what extent did you seek to supervise and/or keep informed of the details of covert operations? What procedures were used? Was there full cooperation by the Chief of Station?

8. What ground rules did you set down for Agency activity? Did you, for instance, prohibit certain kinds of activity, certain tactics or approaches to specific individuals? Are you confident your guidelines and prohibitions were complied with?

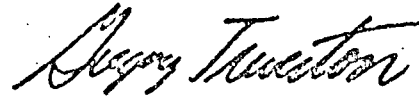
9. Did you review ongoing operations periodically to determine whether they should be terminated or expanded?

Obviously, these are suggestions, neither exhaustive nor binding. The focus of this portion of the Committee's inquiry is covert action as an element of American foreign policy. You should, of course, make whatever comments on specific issues or events that seem important to you; but the major subjects of the testimony ought to be your assessments of the situation in Chile, your sense of Washington's perception and your sense of your control of covert operations in the field.

-3-

If I can answer any questions or provide any additional material, please let me know. I'll await your letter.

Yours sincerely,

A handwritten signature in cursive script, appearing to read "Gregory Treverton".

Gregory F. Treverton



TELEGRAM

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4/27/75 - D.G.
1/4 - 24/1 - 1975*

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SJS - J.M.
7/15/75*

PASS OPIC

Very crypt?

SUBJECT: COPPER CRUNCH (PART I:)

REF: SANTIAGO 4975

1. THE CRUNCH OVER COPPER IS A DELIBERATE POLITICAL DECISION BY ALLENDE. PRAGMATIC ALTERNATIVES WERE OFFERED THAT WOULD NEITHER HAVE DAMAGED CHILE'S ECONOMIC POSITION NOR AFFRONTED ITS GOVERNMENT'S IDEOLOGICAL PRETENSIONS. THEY WERE SPURNED IN FAVOR OF A CONSCIOUS CHALLENGE TO THE TRADITION OF US DEFENSE OF ITS MAJOR BUSINESS INTERESTS IN LATIN AMERICA AND IN PURSUIT OF AVOWED "REVOLUTIONARY" IDEALS AND AIMS.

2. ANY CONSUMER OF THIS EMBASSY'S MESSAGES ONE YEAR AGO WILL RECALL THAT WE REGARDED AS AN IRREVOCABLE INEVITABILITY THAT THE GOC WOULD IMPOSE UNILATERALLY A SEVERE JUDGMENT

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ON THE ANACONDA AND KENNECOTT COPPER COMPANIES. DESPITE THIS AND OTHER GLOOMY FORECASTS, WE OPTED FOR A POLICY OF SEEKING TO PROVE WRONG OUR OWN ANALYSIS AND TO AVOID SELF-FULFILLING PROPHECIES.

3. THUS, STARTING LAST NOVEMBER, WE WORKED TO ESTABLISH PRAGMATIC RELATIONSHIPS WITH THE ALLENDE GOVERNMENT THAT COULD PERMIT PRACTICAL ARRANGEMENTS BETWEEN PRIVATE US COMPANIES AND A SOCIALIST STATE. OUR FIRST SUCCESSSES WERE QUITE MODEST: WE INTERVENED DISCREETLY TO DEFUSE A NOISY CONFRONTATION BETWEEN NIBCO AND THE GOC SO THAT THE INDIANA COMPANY RECEIVED COMPENSATION FOR ITS INTERVENED PLANT AND ITS AMERICAN MANAGER STAYED OUT OF JAIL. NEXT CAME THE RALSTON-PURINA ESPISODE, ALSA A CASE OF IMPETUOUS GOC INTERVENTION; ALMOST A YEAR LATER, AN AMICABLE ACCORD IS NEAR, THANKS IN LARGE MEASURE TO OUR GOOD OFFICES. IN JANUARY, BECAUSE OPIC INSURANCE WAS INVOLVED, WE COULD PERSUADE BETHLEHEM STEEL AND CERRO COPPER TO AVOID REFLEXIVE RECOURSE TO THE US TAXPAYER (VIA INSURANCE PAYMENT) OR TO BIG STICK DIPLOMACY AND TO PERSIST, WITH OUR HELP, TO CONVERT TENDENTIOUSLY-WORDED ULTIMATA FROM THE GOC INTO CONTRACTS. I GUIDED THESE NEGOTIATIONS OVER MANY MONTHS TO SUCCESSFUL ACCORDS, THE FORMER FINALLY BEING SIGNED AND THE LATTER STILL IN ABEYANCE DESPITE ALLENDE'S PERSONAL APPROVAL.

4. DEPENDEING UPON THE DESIRE OF A COMPANY TO RETAIN A FOOHOLD IN CHILE.

OR TO SALVAGE ADEQUATE COMPENSATION UPON BEING FORCED OUT

WE UNREMITTINGLY PURSUED PRACTICAL SETTLEMENTS. DESPITE SOME UNPLANNED EPISODES THAT BETRAYED MUTUAL OFFICIAL DISTRUST IN THE RESPECTIVE CAPITALS AND THAT NOURISHED HUNGRY TYPEWRITERS, OUR GOOD OFFICES, THE GOOD SENSE OF THE COMPANIES OR GOALS OF THE GOVT COINCIDED TO AVOID IRRECONCILABLE DISPUTES IN LABOR, PRODUCTION, FINANCIAL AND COMPENSATION MATTERS.

5. BEHIND THIS BROAD-GAUGED, FATIGUING AND PERSISTENT EFFORT, WELL DOCUMENTED IN THE CABLES, WERE THE IMPERATIVES OF RESPONSIBLE BEHAVIOR IMPOSED UPON BIG DEMOCRATIC POWERS. THERE WAS ALSO A LURKING LONG-SHOT POSSIBILITY--

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03 SANTIA 05020 01 OF 02 292352Z

A RHYTHM OF CONCORD MIGHT CONDUCT THE MARXISTS TO
 A CILIATORY VIEW OF THE MOST VOLATILE AND WEIGHTY OF
 THE PROBLEMS.

IN PARTICULAR, THE SUCCESS ACHIEVED IN THE BETHLEHEM
 NEGOTIATED NATIONALIZATION AND THE LESSONS DERIVED FROM THE
 POTENTIALLY CONSTRUCTIVE USE OF OPIC INSURANCE IN SUCH
 A SITUATION STRENGTHENED A FEELING THAT PERHAPS THE LONG SHOT
 MIGHT PAY OFF. WHEN WE HAD APPEARED TO HAVE WON ANOTHER
 INTERIM BET--THE \$6,000,000 DOLLAR CERRO COPPER ACCORD IN
 MID-MAY--THE AGE OF AQUARIUS SEEMED TO BE DAWNING. BUT
 WHEN ALLENDE WAS TOLD HE COULD NOT SIGN THE AGREEMENT HE
 HAD PERSONALLY APPROVED, WHEN HIS OWN SOCIALIST PARTY MADE
 A VETO STICK AND WHEN THEIR COMMUNIST ALLIES WOULD OR
 COULD NOT ALTER THE LOGIC OF THIS MORE REVOLUTIONARY VIEW,
 NOT EVEN ALLENDE'S REPEATED PROMISES THAT ALL WOULD END
 WELL COULD UNCROSS OUR STARS IN CHILE.

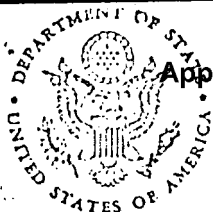
7. NONETHELESS, IN MID-AUGUST

AN EXCEPTIONAL
 EFFORT TO DEFLECT THE DYNAMICS OF HISTORY WAS LAUNCHED
 HERE. I SOUGHT, FIRST IN NEW YORK, WITH SUCCESS, TO
 ENLIST THE SUPPORT OF THE COPPER COMPANIES FOR A MORE
 POSITIVE ATTITUDE, TO DANGLE CARROTS OF SUPPORT FOR
 INTERNATIONAL ASSISTANCE TO THE CHILEAN COPPER EXPANSION
 PROGRAM INSTEAD OF MERELY HAMMERING ON THE
 RETRIBUTIVE POSSIBILITIES.

UPON
 RETURNING TO SANTIAGO, ON MY OWN AUTHORITY, I SOUGHT TO
 INCITE THE INTEREST OF THE ALLENDE GOVT IN AN UNORTHODOX
 BARGAIN THAT WOULD HAVE PERMITTED SATISFACTION OF THE
 MINIMAL REQUISITES OF OUR TWO GOVTS AND OF THREE COMPANIES.

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TELEGRAM

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THE BIG TWO OF COPPER AND THE THEN INTERVENTION-MENANCED
KORRY

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FM AMEMBASSY SANTIAGO
TO SECSTATE WASHDC IMMEDIATE 8866
INFO AMEMBASSY BUENOS AIRES
AMEMBASSY BRASILIA
AMEMBASSY LIMA
AMEMBASSY CARACAS
AMEMBASSY MEXICO
AMEMBASSY ROME
AMEMBASSY BONN
AMEMBASSY PARIS
AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY MOSCOW

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TELEPHONE COMPANY OF CHILE (WITH ITS 105 MILLION DOLLARS OF ACTIVE OPIC EXPROPRIATION INSURANCE). IF THE GOC WOULD INDICATE ITS WILLINGNESS TO CONSIDER MY FORMULATION, I UNDERTOOK TO SEEK WASHINGTON'S AND THE COMPANIES' SUPPORT.

8. THE GOC WOULD, UNDER THIS FORMULA OR SOME VARIATION, HAVE NEGOTIATED COMPENSATION TO BE PAID OVER 12 (ITT) TO 20 (COPPER) YEARS TO EACH COMPANY. PAYMENTS WOULD BE MADE IN BONDS WITH A REASONABLE RATE OF INTEREST. THE COMPANIES, IN TURN, WOULD REQUEST OPIC TO UTILIZE ITS LEGAL FLEXIBILITY TO GUARANTEE SOME OR ALL THE COMPENSATION BONDS EITHER DIRECTLY OR BY TRANSFER FROM EQUITY TO DEBT COVERAGE. WITH SUCH USG GUARANTY, THE COMPANIES COULD DISCOUNT AND TRANSFORM INTO CASH A SUFFICIENT AMOUNT OF THE ALMOST WORTHLESS LONG-TERM CHILEAN OBLIGATIONS; THIS ATTRACTION WOULD IN TURN BE AN INCENTIVE TO THE COMPANIES TO REDUCE THE AMOUNT OF

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COMPENSATION. THUS, COMPENSATION WOULD BE SUBSTANTIALLY LOWERED AND UNILATERALLY IMPOSED BY SOC YET ACCEPTABLE TO THE COMPANIES BECAUSE OF THE MUCH FASTER AND MORE CERTAIN PAYOUT. THE USG, FOR ITS PART, WOULD AVOID IMMEDIATE OPIC INSURANCE LIABILITY TO THE CORPORATIONS, WOULD ESCAPE CONGRESSIONAL BATTLES OVER THIS CONTINGENCY [] WOULD SUBSTITUTE LONG-TERM OBLIGATIONS FOR SHORT-TERM LIABILITIES AND WOULD HAVE ACHIEVED A WORKING RELATIONSHIP WITH CHILE WITHOUT PLEDGING FRESH RESOURCES.

9. IN THE ABSENCE OF ALLENDE AND FONKIN ALMEYDA, THEN ON A TOUR OF NORTHERN COUNTRIES, I FIRST SOUNDED FELIPE HERRERA, THE EX-PRESIDENT OF THE IDB WHOM CHILE HAS NOW FORMALLY PROPOSED AS SUCCESSOR TO U THANT. HIS REACTION WAS UNRESERVEDLY FAVORABLE. HE SO TOLD THE ACTING PRESIDENT, MININTERIOR TOHA, AND ARRANGED FOR ME TO BRIEF ALMEYDA ON THE LATTER'S RETURN. ANOTHER CONTACT WAS CARLOS MATUS, THE SOCIALIST PRESIDENT OF THE BIGGEST ENTERPRISE IN CHILE, CAP, THE STEEL AND IRON STATE COMPANY, WHO HAD BEEN THE CHIEF NEGOTIATOR IN THE CERRO AND BETHLEHEM DEALS. HE, TOO, WAS VERY POSITIVE OVER WHAT HE DESCRIBED AS AN EASY ESCAPE FROM CONFRONTATION. LIKE HERRERA, HE FELT THAT THE PROPOSAL WOULD LEAD TO AN EASING OF THE CREDIT SQUEEZE ON CHILE, WOULD BE INTERPRETED BY THE REST OF THE WORLD AS A SIGN OF TOLERABLE RELATIONS AT LEAST BETWEEN OUR TWO COUNTRIES AND WOULD CONTRIBUTE TO A PROFOUND CHANGE IN THE NATURE OF RELATIONS BETWEEN LATAM AND THE US. HE, IN TURN, CONTACTED HIS RELATIVE, THE INFLUENTIAL YOUNG ECONOMIST, JORGE ARRATE, WHO HAD JUST BEEN APPOINTED BY ALLENDE TO BE HIS CHIEF COPPER TECHNICIAN. ARRATE, ON ALLENDE'S INSTRUCTIONS, MET WITH MATUS AND ME SEPT 16 AND WITHIN AN HOUR BRIEFED ALLENDE. THE PRESIDENT ASKED ME TO BE READY FOR A "MAN-TO-MAN" TALK THAT TOOK PLACE SEPT 27 (SEPTEL). I BROACHED THE SUBJECT TOO WITH THE CHIEF NEGOTIATOR IN THE ITT CASE, SUBSECRETARY OF ECONOMY GARRETON. HIS INTEREST WAS SUFFICIENTLY PIQUED TO BRIEF HIS MINISTER VUSKOVIC AND TOHA.

10. NEXT I RESPONDED IN DETAIL FOR TWO HOURS TO A DELEGATION [] WHO WERE PROMPTED TO CALL ON ME SEPT 28 ^{over} EN MASSE TO INQUIRE ABOUT THE STATE OF NEGOTIATIONS. I TOLD THEM THERE WERE NO NEGOTIATIONS, ONLY A COURTEOUS

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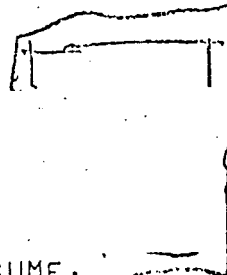
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AUDIENCE LISTENING TO A PROPOSAL THAT WAS PERSONAL



THEY UNDERSTOOD, TOO, I ASSUME, THAT MY MOTIVE IN FURNISHING A COMPLETE AND CANDID BRIEFING WAS TO FASHION A STRONG US DEFENSE IN THE EVENT OF THE GOC OPTING FOR A CRUNCH, AND TO PROVOKE THEM INTO SUPPORTING OUR EFFORTS.

1. THE SAME DAY, I USED A CHANCE ENCOUNTER WITH THE COMMUNIST PARTY'S GENIUS, SENATOR TEITELBOIM, TO TOUCH UPON THESE MATTERS AND TO INQUIRE WHY HE HAD ADOPTED AS HIS THE ADVICE HE HAD CAUTIONED ME LAST NOV 4 TO ADJURE, THAT OF BEING A "CATASTROPHIST" (HIS WORD) IN PURSUIT OF WORSENING RELATIONS. AGAIN THE BRIEF BRUSH ALLOWED A SUBSTANTIVE EXCHANGE WHICH WAS SOON FOLLOWED BY THE LONG-DELAYED COURTESY CALL OF THE SOVIET AMBASSADOR BASSOV. THE LATTER WAS PARTICULARLY INTERESTED IN THE PROSPECTS OF OUR RELATIONS WITH CHILE AND MY PREDICTION OF UNRELIEVED PESSIMISM PROVOKED HIS PROLONGED (ALMOST TWO HOURS) INTERROGATION REGARDING THE OPTIONS. MY MAIN MESSAGE TO HIM WAS THAT IF THE SOVIETS HAD DECIDED OR WOULD DECIDE TO KEEP THE CHILEAN ECONOMY AFLOAT IN 1972, IT WOULD COST APPROXIMATELY 250 TO 350 MILLION DOLLARS IN HARD CURRENCY OR THE EQUIVALENT IN CONSUMER SUPPLY ITEMS. THIS ESTIMATE ELICITED SPECIFIC QUESTIONING (VIA THE INTERPRETER)

I JUSTIFIED MY BRIEFING BY STATING I WISHED THE USSR AS A UNIVERSAL POWER TO UNDERSTAND OUR SITUATION HERE EVEN THOUGH I RECOGNIZED THAT IT NEVER INTERVENED IN OTHER NATIONS' AFFAIRS.

2. SO MUCH FOR THE HISTORICAL RECORD. ERASMUS SAID THAT IN GREAT THINGS, IT IS GOOD ENOUGH TO HAVE TRIED. PERHAPS. IT MAY BE OF SOME SOLACE FOR THE US TO POINT TO THE ABOVE

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DETAILED RECORD WITHOUT SHAME BEFORE ANY KIND OF AUDIENCE,
EVEN THOSE EDITORIALISTS AT HOME WHO HAVE NEVER READ THE
ALLENDE PROGRAM, WHO KNOW NOTHING OF THE COMMITMENTS OF
THE SOCIALIST AND COMMUNIST PARTIES HERE, WHO UNDERSTAND
LITTLE OF THE DYNAMICS OF CONTEMPORARY LATAM AND WHO
REVEL IN ASSUMING GUILT FOR THEIR OWN LAND AND GOVERNMENT.

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1 The Chairman. All right. The hearing will please come back
2 to order.

3 Mr. Korry, if I understood your testimony correctly, are
4 you saying that you did not know about Track II or that there
5 was no Track II?

6 Mr. Korry. I am saying that I did not know about Track II
7 and I am further saying that the assertion that there was a
8 blurring of Track I into Track II, and that both were concerned
9 with coup, is an outrageous falsehood.

10 The Chairman. Then apart from your strong feelings, with
11 respect to that particular passage in the Committee's report,
12 I take it you were never told about Track II, not that you
13 deny that it didn't take place?

14 Mr. Korry. I was never told, but I started to get
15 terribly suspicious, as I told your staff, and I tried to do
16 something about it. I thought that that pertained to any
17 discussion of Track I and Track II.

18 The Chairman. Don't you think that any American ambassador
19 representing the United States in any foreign country, as you
20 were, should have been fully advised of all aspects of American
21 policy toward that country, including all covert activity?

22 Mr. Korry. Without question.

23 The Chairman. And you were not so told.

24 Mr. Korry. I was not. Moreover, I was kept on for one
25 more year with the certain knowledge of many in the government

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1 that I did not know that the government Allende thought that I
2 was involved in those plots, and that the consequences for
3 any exposure of that plot would fall upon me.

4 The Chairman. Well, with all respect, I would think that
5 you should be more outraged at that kind of treatment from
6 the Administration, the State Department and the CIA, than this
7 Committee.

8 Mr. Korry. I am outraged with many people, and as I
9 say in my letter to the Times, I said that the President had
10 made clear to me that he did not wish me to testify in public,
11 that I got a letter from the CIA warning me that public
12 testimony was not in the national interest. At other times
13 in the past 14 or 15 months, private organizations have sought
14 to silence my public testimony, not before this Committee, so
15 I am getting used to it.

16 The Chairman. What private organizations?

17 Mr. Korry. I don't think that that necessarily pertains
18 to the intelligence investigations, so I would prefer to keep
19 that to myself for the time being.

20 The Chairman. Well, I defer to you on that.

21 In any case, it has been no purpose of this Committee to
22 avoid your public testimony, and I commend you for being here
23 today to give it along with the other two gentlemen on the
24 panel.

25 Mr. Korry. Thank you.

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1 The Chairman. Now, Mr. Meyer, you will remember several
2 years ago I was Chairman of a Subcommittee that was looking
3 into the charges that ITT had offered the CIA \$1 million to
4 prevent Mr. Allende from being installed as President, and we
5 were able to make some findings based on documents the
6 Committee received that were largely those of the ITT Company
7 itself.

8 You appeared before that Subcommittee at that time, and I
9 asked you then about what our official policy, that is to say,
10 our governmental policy was toward Chile, and you may remember
11 that Mr. Broe, who was an agent employee of the CIA, had
12 suggested a series of actions to Mr. Garrity of the ITT, a
13 series of economic actions that could be taken on the part of
14 the large American companies that would tend to create economic
15 confusion, economic chaos inside Chile. And I was attempting
16 to determine whether those suggestions by the CIA's agent,
17 Mr. Broe, to the ITT corresponded with the policy of the United
18 States Government toward the Allende regime. And I asked you
19 the following question:

20 "Then does it follow that the serious discussion of this
21 thesis and ways to implement it by Mr. Broe with Mr. Garrity
22 on September 29th conflicted with the policy of the American
23 government toward Chile?"

24 And you replied as follows, reading from the record:

25 "Forgive me, Mr. Chairman, but let me reiterate, and I know

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1 this is a redundancy, so forgive me, but appropriately I think
2 it is important that we remember that during the period really
3 covered in this chronology, we are talking of three Chiles. If
4 you go beyond the September 29th date, you are talking of
5 three Chiles, the Chile of the tail end of the Frei administra-
6 tion during the popular elections, and the Chile during the
7 period of September 4th to October 24th, the period subsequent
8 to Dr. Allende's confirmation by the Congress.

9 "The policy of the United States was that Chile's problem
10 was a Chilean problem to be settled by Chile. As the President
11 stated in October of 1969, we will deal with governments as
12 they are.

13 "I do not find, in total sincerity, sir, anything incon-
14 sistent with the Agency, as I now know, having explored the
15 possibility or series of possibilities, when I have had inputs
16 to change policies but were not."

17 Now that we have all the facts out concerning our policy
18 in Chile, how do you reconcile that answer to what we now
19 know concerning the extent of our attempts to intervene in
20 Chile, even to the point of attempting a military coup to
21 prevent Allende from securing his office?

22 Mr. Meyer. Mr. Chairman, let me answer by taking the
23 last allegation first. The attempted coup to prevent, the
24 alleged attempted coup to prevent Allende from becoming President
25 or confirmed by the Senate, if that indeed existed, must be

1 Track II, and I was totally, totally honest when I made that
2 statement to you.

3 And now, you touched on economic pressures. There is a
4 chapter --

5 The Chairman. Just so that I may understand, you are saying
6 that when you testified, that our policy was one of non-interven-
7 tion, and that it was entirely correct in relation to Chile,
8 and I believe I remember your using both terms; you are now
9 testifying that you then had no knowledge of the covert attempt
10 by the government of the United States to secure a military
11 coup d'etat in Chile that would prevent Allende, having won
12 the popular vote, being installed as President.

13 Mr. Meyer. Correct.

14 The Chairman. In the Committee's report, we quote the
15 testimony of Secretary Kissinger, and he stressed the links
16 between Track I and II, and this is the quotation from
17 Kissinger, "There was work by all the agencies to try to prevent
18 Allende from being seated, and there was work by all the
19 agencies on the so-called Track I to encourage the military to
20 move against Allende. The difference between the September 15th
21 meeting and what was being done in general within the govern-
22 ment was that President Nixon was encouraging a more direct
23 role for the CIA, and actually organizing such a coup."

24 So you were aware, weren't you, Mr. Meyers, of a very
25 extensive American effort inside Chile even though you may

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1 not have known of the direct Presidential order to attempt
2 a military coup d'etat.

3 Mr. Meyer. I think, Senator Church, if my memory serves
4 me, in your other Committee to which you referred, we agreed
5 that there was a considerable preoccupation with what method-
6 ology, if any, might exist within Chile that would elect
7 Alessandre rather than Allende. There was a very real
8 examination of Chilean mechanisms available within Chile, a
9 very, very, I think Ed's statement amplifies that. What is
10 the situation in Chile now? Is Allende going to be elected?
11 Is there any antipathy to the thought of Allende being elected,
12 and where would that antipathy congeal or solidify?

13 I don't, in honest, wholly -- well, I'm under oath. I
14 relate Secretary Kissinger's interpretation, and that's not
15 critical. That's not being critical of the Secretary, if
16 indeed he knew that his apparent Track II, I mean, humanly
17 one would assume that some of the intensity of Track II
18 must have been related to what is called Track I, but we were
19 not promoting a coup, which I think is what I finally came up
20 with, on the policy.

21 The Chairman. That is to say you didn't know you were
22 promoting a coup.

23 Mr. Meyer. I didn't know.

24 The Chairman. And you were then Assistant Secretary for

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1 Mr. Meyer. Yes.

2 The Chairman. We have another vote, and we'll have to
3 take another recess. I'm sorry.

4 (A brief recess was taken.)

5 The Chairman. It has been a long afternoon, gentlemen.
6 Let us try to finish up.

7 I just have on further question for you, Mr. Meyer. As
8 the facts clearly establish, we were deeply involved in Chilean
9 politics. We had been so eger since 1964, back in 1964. We
10 had pumped millions of dollars into Chile to try to influence
11 the results of those elections. We had helped secretly
12 finance certain political parties. We had helped to support
13 certain newspapers, commentators, columnists, radio stations,
14 and you were aware of all of that.

15 Mr. Meyer. (Nods in the affirmative.)

16 The Chairman. And you knew that that kind of activity
17 certainly had not been called off just with Mr. Allende's
18 election, but it was continuing to be pursued rather
19 intensely, and you were also aware of the economic scqueeze
20 that we were placing on that regime.

21 Now, quite apart from whether you believe that to be proper
22 policy, how could you describe to the Subcommittee such a
23 policy as being one of absolute correctness, accepting Chilean
24 decisions as Chilean, and standing at arms length, so to speak,
25 from this new regime? I mean, really, how does that description

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1 in any way correspond to what you knew we were doing, even if
2 you didn't know that the President actually instructed the
3 CIA to attempt to secure a CIA overthrow of the Allende
4 regime?

5 Mr. Meyer. To come back to the overthrow, Senator Church,
6 I hope I make myself clear, I knew nothing about an attempt.

7 The Chairman. That part is clear. The other part of my
8 question --

9 Mr. Meyer. There are two, if I understood you. One is
10 support of selected areas in the media, and one is the economic
11 "pressure," is that correct? Am I right?

12 The Chairman. Well, not only certain parts of the media,
13 but extensive contributions to political parties.

14 How do you describe these things, knowing correctly, to
15 a Subcommittee of the Congress as being representative of a
16 policy which you defined as correct and at arms length, leaving
17 Chilean affairs to the Chileans?

18 Mr. Meyer. This way, and I will take shared responsi-
19 bility for a banker of last resort, which may be specious,
20 in my overview, in two areas, which are the Fourth Estate
21 and the political plurality in which Chile has prided itself
22 on as the unique quality of Chilean democracy in this hemisphere.
23 I was fully supporting, Senator Church, and I did not feel that
24 it was in any way other than a Chilean posture. We did not, or
25 at least to my knowledge, say to Fulano de Tal, who we found

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1 somewhere in the woodwork, here's a lot of money, do something.

2 To my knowledge, we did not create newspapers. To my
3 knowledge, we did not create radio stations.

4 The Chairman. No, but you supported them financially and
5 you made contributions.

6 Mr. Meyer. Yes, sir.

7 The Chairman. How does that -- don't you think you
8 were misleading the Subcommittee? You were under oath.

9 Mr. Meyer. No, sir, I don't.

10 The Chairman. You don't think? Why?

11 Mr. Meyer. Because I feel very strongly about this,
12 Senator Church, and I said it to some of the very bright guys
13 and girls on your staff. Everything that comes out of here, in
14 a very real sense, is analogous to the old story, if you will,
15 of the optimist and the pessimist. To the pessimist that's
16 half empty. To the optimist it's half full.

17 Let me make that analogous to Chile. Now, I know you
18 don't agree. The definition you used, my words, which were
19 the words of the Administration, "cool and correct," I suppose
20 from where you sit, is both uncool and incorrect, to operate,
21 which I would have with my own money, had I had it, to assure
22 a continuity in Chile of pluralistic democracy and freedom of
23 the press. And this may be subjective. I do not consider it
24 either uncool or incorrect. My interest is not in fomenting --

25 The Chairman. Yes, sir, but you are defending the policy.

1 The point of my question is that you did not really relate to
2 the Subcommittee the facts of the policy. You described it in
3 a way that could not possibly have led any member of the Sub-
4 committee to even suspect so widespread and penetrating an
5 American involvement in the political process of policy in
6 Chile.

7 Those words, if those words have any meaning at all,
8 cool and correct and detached, letting Chileans handle their
9 own affairs, these are not words that describe the facts that
10 we have been told about today.

11 Mr. Meyer. Well, I don't know where those figures come
12 from, number one. I mean, I just don't know.

13 The Chairman. I can assure you of their accuracy.

14 Mr. Meyer. Well, I am sure I would never have access to
15 them in terms of dollars, if that is important. What I am trying
16 to say and I feel this very strongly, is that I take responsi-
17 bility for or certainly share responsibility for what I felt
18 was the not an improper intervention in Chilean affairs,
19 possibly not cool by your definition, or correct. When the
20 Fourth Estate said to the government of the United States,
21 sui generis, not solicited, we are going to go out of business,
22 can you help --

23 The Chairman. Well, I am afraid that your answer still
24 seems to me non-responsive.

25 Mr. Meyer. Well, let me -- I've known you too long to

1 be cute, and also, I don't believe I could get away with it.

2 Senator Church, when I met with you on the ITT, the
3 multinational corporation hearing, it was a focus at least, and
4 if it's specious, forgive me, it was a focus on the period
5 between the popular election and the Senatorial confirmation
6 of Salvador Allende. You did not ask me then if we were support-
7 ing or helping to continue publication of El Mercurio when we
8 weren't at that point in Chile's history.

9 Now, that may be dirty pool, but that was the point to
10 which I was testifying, and as I say now, I take shared
11 responsibility for the support of the Fourth Estate in Chile.
12 I had been subjectively convinced over the years, watching
13 the demise of Goar Maestre in Cuba and the periodic demise
14 of the Gamza Paz family in Argentina, and the Beltran family
15 in Peru to feel that it should not be considered to be
16 interventionist to enable a newspaper to publish.

17 The Chairman. Well, I am all in favor of newspapers.
18 We can agree on the desirability of a free press, wherever
19 it may exist. But I have been a member of the Senate Foreign
20 Relations Committee for 18 years and I know something about
21 words of art, and a correct policy is a word of art, and what
22 it means is that we are not engaging in covert penetration of
23 the political processes of another country with whom we maintain
24 such correct relationship.

25 Mr. Meyer. Is the support of the press a covert operation,

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1 a destabilizing nature?

2 The Chairman. Yes, I think any secret use of American
3 money is a policy of intervention, whatever the argument may
4 be, for or against it, and it does not, it does not correspond
5 to what is known as a correct posture toward a foreign
6 government, anymore than the large contributions we gave to the
7 Chilean political parties, unless you would think that a foreign
8 power was conducting correct relationships with the United
9 States if it secretly contributed large amounts of money to
10 an American Presidential campaign or an American political
11 party or American newspapers.

12 I don't think -- your answer certainly left the Committee
13 with a very different impression of American policy from the
14 facts as we subsequently found them. That's my only point.

15 Mr. Meyer. Senator Church, to my knowledge, and I will
16 reaffirm this, what I knew of our policy toward Chile in the
17 period which was under examination at the time when ITT was
18 alleged to have offered a million dollars to do something, while
19 at the moment destabilizing to the degree that President
20 Allende would not be confirmed, I go back to exactly what I
21 said to you then.

22 The Chairman. Well, Mr. Dungan, in your testimony, as I
23 recall it, you spoke of the necessity for continuing covert
24 operations in the future, but hoped that we would manage them
25 somewhat differently than we have in the past.

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1 What restriction to you place upon covert operations in the
2 future? .

3 What is your definition between a --

4 Mr. Dungan. Benign.

5 The Chairman. A benign or a proper secret intervention in
6 the affairs of a foreign country, or one that is improper and
7 malignant.

8 Mr. Dungan. I was dying to get into that last discussion.
9 If I may preface my comment in answer to your question, there
10 are a whole range of activities in which the United States
11 engages, from traditional diplomatic conversations on a
12 political level, USIA, AID, the Ex-Im Bank, all of those
13 activities, I submit, are interventionist. I think, without
14 trying to speak for my colleague, Mr. Meyer, what he was saying
15 was that some of those covert activities of which he had knowledge
16 and I had knowledge when I was Ambassador, were benign.

17 Now, I think you are driving to the point, and I believe
18 they should be overt. Most of the activities in the period
19 I was there, with the exception of the involvement in the
20 political processes, that is, support of parties or candidates,
21 I would say are permissible and should be overt. I can conceive
22 of circumstances where they might be done covertly, but only
23 under a system of controls outside the agency which is the
24 operational agency involved. In other words, according to your
25 report, about a quarter of the covert operations, in terms of

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1 dollar value were approved by the 40 Committee. I don't consider
 2 the 40 Committee a very adequate control mechanism, but even
 3 assuming that it was, I would say 100 percent of them should
 4 have been under the control of that interagency group, and not
 5 left to the discretion of the Agency, complete with its biases,
 6 its weaknesses in terms of people, etc., at the local or at
 7 the --

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1 The Chairman. Well, Mr. Dungan, we think that is so
2 wrong for foreign citizens, let alone foreign governments, to
3 make contributions to our political candidates and our
4 political parties that we outlawed it.

5 Does a different standard apply to us than we apply to
6 others?

7 Mr. Dungan. I believe, as you are suggesting, that
8 the same standards should apply and that is why I suggested
9 in my testimony that anything that is criminal in the United
10 States ought to be precluded, except under extraordinary
11 circumstances abroad. That should be a self-denying
12 ordinance that we should adopt.

13 Now there may be other things that you would want to
14 throw in that were not included under our criminal law, but
15 that's not a bad start.

16 The Chairman. Well, under your definition of that which
17 separates a benign from a malignant covert action, once
18 Allende had been elected by the people of Chile in a free
19 election, and had been confirmed by the Congress, would an
20 attempted overthrow of his government by a military coup d'etat,
21 initiated and supported secretly by the United States, represent
22 a benign or a malignant covert action?

23 Mr. Dungan. Clearly malignant, clearly malignant, if
24 that were the case.

25 Mr. Korry. Excuse me, sir. There was no government at

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1 that time.

2 . The Chairman. Whether or not there was a government, there
3 was an election which was to be followed by a ratification by
4 the Congress that was fully in accord with the customs of
5 Chile. The attempt was to obtain the intervention of the
6 Chilean Army to take over the Government.

7 Mr. Korry. I just want to be precise. To say overthrow
8 the government, there has to be a government in power. He
9 hadn't been even confirmed in office.

10 The Chairman. Well, that isn't the distinction. The
11 whole purpose was to prevent his ratification by the Chilean
12 Congress through a military takeover, and you, Mr. Dungan, would
13 say that is a wrongful action on our part.

14 Mr. Dungan. And indeed, not to be self-serving about it,
15 at the time we were in that situation, I wrote for the Washington
16 Post an article which said we ought to be hands off completely.
17 We were not, apparently. So I think there's no question. And
18 I would not only say in that kind of a situation, but I would
19 say the pre-election situation, I think it is not sensible,
20 although as the record clearly indicates I was involved in the
21 support, or tacitly or explicitly gave my approval to the support
22 of candidates in the 1965 election. I want the record very
23 clear. I'm not drawing any kind of cloak over myself.

24 There's an important point, though, if I may, on that
25 question. I think a question that this Committee really ought

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1 to look at is where did the initiative come from for most of
2 the political activities or the interventions which I think you
3 would say were malignant, and I would tend to agree with you,
4 and I think that was an important thing for you to investigate
5 and you have, I think, to some extent.

6 But the point I am driving home, or trying to drive home
7 here is that the shift for political judgments in the inter-
8 national sphere from President and the Department of State to
9 the Intelligence Agency, particularly that part of it concerned
10 with covert action, has been dramatic since the Second World
11 War, and I would say in the last two decades; that is, to me
12 an unconstitutional shift, or shift away from our constitutional
13 form, and we'd better jolly well get back to it. I would say
14 that's probably the most significant underlying general
15 characteristic that your investigation should uncover.

16 The Chairman. Senator Tower?

17 Senator Tower. Mr. Chairman, you and I have agreed on a
18 number of things. I think that in the area of foreign policy
19 we may have some disagreement. I'm not a member of the Foreign
20 Relations Committee. I'm a member of the Armed Services
21 Committee, and I assume our mentality is somewhat different,
22 but it would strike me as being a naive course for us to
23 follow where there is in existence in a country less sophisticated
24 and less developed than our own, a clandestine political
25 infrastructure directed by interests hostile to the United

1 States and charged with the objective of ultimately destroying
2 pluralistic democracy and establishing a dictatorship, I think
3 that we would not be very cool and correct if we did not
4 act, not only in our interests, but to do what we can to
5 preserve some sort of climate in that country in which democracy
6 and democratic concepts and experience in self-government could
7 develop.

8 I don't think that the situations in the United States
9 and Chile are analogous insofar as the exclusion of political
10 contributions.

11 Now, of course, none of us in the Senate know but what at
12 some time through some third party we ourselves might have
13 received financial support in our political campaigns from a
14 foreign source. I don't think I ever have, but I could not
15 swear to it because I do not know because there are ways in
16 which these things can be concealed.

17 The fact of the matter is that had it not been clandestine
18 activity on the part of the United States in many parts of this
19 world, far more of it would be under Communist totalitarianism
20 than is the case now, and the fact of the matter is that
21 should Chile have remained Communist -- and I do not express
22 either approval or disapproval at this point -- indeed, I
23 register disapproval with some aspects of it, the fact remains
24 that had the Communists been successful, and our own staff
25 report indicates that Allende was moving in the direction,

1 although he had some obstacles, of reducing freedom of the
2 press, freedom of expression, it could be expected that he would
3 have moved much more quickly had he been elected by a majority.
4 The fact of the matter was he was elected by 36 percent of the
5 people in Chile.

6 But I think that the pattern is clear. Portugal is a good
7 case in point, where 12 percent of the people, 12 percent of
8 the people in the country voted Communist, Communists got
9 control of it until finally at last it seems the moderates
10 have wrested control. But we've been engaged in covert activity
11 elsewhere, but in good reason and with good conscience, and
12 I think to damn the whole institution of American covert
13 activity would be the height of tragedy on our part.

14 I have no questions.

15 The Chairman. Thank you very much, Senator.

16 I would only observe that I made a speech on the subject
17 today. I'd like you to read.

18 Senator Tower. I will read it.

19 The Chairman. Because I think that that would give you a
20 better understanding of my view on covert action.

21 But as for Mr. Allende being an elected president by a
22 plurality of the vote, so too was Mr. Nixon, who ordered his
23 removal because he found Allende unacceptable as President.

24 Senator Tower. So was Harry Truman.

25 The Chairman. That's right. We've had men who were

1 plurality presidents who we thought were legitimate enough under
2 the law.

3 Senator Tower. But none so low as 36 percent.

4 The Chairman. Well, you never can tell when we'll get there
5 Look at the size of the Republican Party today.

6 Senator Tower. Well, like the Communists in Portugal,
7 we have an influence out of proportion to our number.

8 The Chairman. Senator Schweiker, do you have a question?

9 Senator Schweiker. Yes, sir, Mr. Chairman. I would like
10 to ask Ambassador Korry what positions of influence did Mr.
11 Edwards hold in Chile while you were there?

12 Mr. Korry. Until the election of Allende -- he left right
13 after the election of Allende, I think a week after, I'm sure
14 your staff has the exact date, and he was out of the country
15 most of the time in my three years there -- he was the
16 proprietor of -- it's quite a list -- first, El Mercurio
17 newspaper, which is published in eight cities in the morning,
18 has afternoon newspapers. He was probably the chief stock-
19 holder in the Lord Cochran Press. He and Lever Brothers were
20 partners. He and Pepsi Cola were partners. He and -- he had
21 the largest granary, he had the largest chicken farm -- it was
22 the best. I don't know if it was the largest. I'm sure I'm
23 leaving out quite a bit. He and his family, if I'm correct.

24 Senator Schweiker. What was the relationship with the
25 Pepsi Cola Company, and was he ever International Vice President?

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1 Mr. Korrry. After he left Chile.

2 Senator Schweiker. Had he previously had a relationship
3 with them?

4 Mr. Korrry. He was their bottler.

5 Senator Schweiker. Well, my next question, Mr. Korrry, is
6 what impact did the substantial U.S. investment in Chile have
7 on the decisions to intervene in Chile through covert means?

8 Mr. Korrry. The substantial U.S. investment was the \$2
9 billion, voted mostly by this Congress. That was the substantial
10 investment, and over and over and over again I said I had a
11 responsibility as the fiduciary agent for that \$2 billion. I
12 compared it to New York City.

13 Now, you people vote laws, and you expect the Bureaucrats
14 who represent you to carry out those laws, and what you specifically
15 voted for, and if you would like I will give you the citations,
16 was to keep Allende out of power. If you look up the AID,
17 AID justifications for '63, '64, '65, '66, you will see that
18 there was a specific instruction. Now, when I went there in
19 '67, my predecessor, Mr. Dungan, had left but the money, as you
20 know, flows long after the votes.

21 Now, money started to come in while I was there. It came
22 in in a great rush, and I had a terrible moral dilemma and a
23 terrible managerial dilemma. All of this money that you had
24 voted precisely for a purpose was arriving at the same time that
25 I reported that the purpose you had voted for could not possibly

1 be achieved.

2 . Now --

3 Senator Schweiker. Just because the Congress votes money
4 for a country doesn't mean that that is going to dictate whether
5 we have a covert action program for that country. We didn't
6 vote covert action programs. We voted investment.

7 Now you're saying that because we had all that dollars
8 investment that our capitalistic investment set the policy in
9 Chile. That's what you're telling us. That's exactly what
10 you're telling us.

11 Mr. Korry. No, I'm not.

12 Senator Schweiker. And that's where the whole system is
13 wrong.

14 Mr. Korry. Well, excuse me. I want to say exactly what I
15 mean. I am talking about AID loans, Ex-Im Bank loans for more
16 than a billion dollars, and those loans were given specifically,
17 I have been informed that the AID briefed the relevant
18 Committees of this Congress specifically to stop Allende in
19 '63 and '64. That was the specific explanation given to
20 the Committees. I'm not going to get into the names.

21 Senator Schweiker. Not by kidnapping General Rene
22 Schneider can we stop them.

23 Mr. Korry. I had nothing to do with that.

24 Senator Schweiker. And not by buying the Chilean Congress
25 should we stop them.

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1 Mr. Korry. We didn't do either of those things.

2 Senator Schweiker. You certainly tried.

3 Mr. Korry. I certainly did not.

4 Mr. Dungan. Senator, I think if I may intervene, that
5 the point of your question is, to what extent do we believe,
6 any of us, that U.S. either public or private investment in
7 the country influences the political policies of the United
8 States Government.

9 Senator Schweiker. Ambassador Korry mentioned the public
10 investment. He didn't mention the private investment.

11 ITT, Anaconda, Kenecott, Pepsi Cola, you didn't go in that
12 direction at all?

13 Mr. Korry. Well, as I testified in front of Senator
14 Church in 1973, it was not they who I was concerned with as that
15 cable you will see and if you dig out the cable I wrote following
16 my initiative to get the Chilean nationalization of Anaconda
17 in '69. It was the U.S. guarantee, the taxpayers' guarantee
18 of that investment that was passed by the Congress.

19 Now, let me just add one other thing, if I may.

20 In 1966 I was brought home by President Johnson to write
21 a new policy for Africa, and again in 1969 I was brought home
22 by the executive branch to do a preliminary study on a new
23 foreign aid policy. Now, in the '66 report on Africa, which
24 bears my name, I proposed that at least for internal accounting
25 within the U.S. Government, that when we spend money that had

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1 really political premise, be it an Ex-Im Bank loan or an AID
2 loan or a military assistance, that for internal purposes it
3 should be put on the side of the ledger that says this is
4 political in intent, and on the other side of the ledger you
5 say this is truly development, because sir, if you don't do
6 those two things, people are not going to understand what you
7 are doing with development money when it's really used for
8 political money.

9 Now, who stopped the proposal? Most of my report was in.
10 That proposal was stopped by other bureaucracies in this city
11 because they said the CIA has its kitties, we want ours. THAT
12 is, it's nice to have \$25, \$100, \$200 million to walk in and
13 say we'll bribe you for a boat. That's a hell of a lot better
14 than \$10,000 under the table.

15 Senator Schweiker. Well, I would like to respond to that
16 and also Mr. Duncan's question, which I think was a very salient
17 question to us.

18 Where did the initiatives come from for intervention? I
19 think it's all very much related, and I would just like to
20 read from Mr. Helms, from our own Assassination Report where
21 he testified before our Committee, where the initiative came
22 from and see where this is involved.

23 Mr. Helms says, and I quote, "I recall that prior to this
24 meeting with the President the editor of El Mercurio had come
25 to Washington and I had been asked to go and to talk to him

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1 at one of the hotels here, this having been arranged through
2 Don Kendel of the Pepsi Cola Company, the head of the Pepsi
3 Cola Company. I have this impression, that the President
4 called this meeting where I had my handwritten notes because
5 of Edwards' presence in Washington and what he heard from
6 Kendel about what Edwards was saying about conditions in Chile,
7 and what was happening there.

8 Now, this is really ironic. Here is a person who has all
9 of the capital investment that you so ably ascribed, concerned
10 about his obvious capital investment, comes up here, gets a
11 multinational corporation to intervene with President Nixon,
12 and that is how they go into Chile, and then you're saying
13 it's public loan by the Congress. Then you're
14 saying it's this and that when in fact that's the trigger, that's
15 the catalyst, and that's what's wrong with the system.

16 The CIA makes a sweetheart contract to go and take care
17 of El Mercurio with loans after that for thanking them.

18 Mr. Korry. Well, if I may, after having read two reports
19 that I considered thoroughly dishonest, inject an honest statement
20 I recommended the intervention.

21 Senator Schweiker. I'm not surprised.

22 Mr. Korry. But not what you're talking about. I said
23 there are two things that count in this world as far as the
24 United States, and I said these things as a Kennedy appointee,
25 as a Johnson appointee. I said, and I have all my life been

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1 in two fields of endeavor. One, newspaper, which included
2 labor organizing. I helped to negotiate the first \$100 a week
3 contract in the American Newspaper Guild's history. Now,
4 at the United Press, in 1947, and I said that if I am sitting
5 there and I know beyond the shadow of a doubt in my mind -- you
6 can say you don't know what the hell you're looking at, you
7 don't understand, but if I know beyond a shadow of a doubt,
8 having had more than 20 years experience in the newspaper
9 business all over this world, and having negotiated the first
10 agreements with Tito, if I say that these two things are going
11 to be eliminated, freedom of press and the freedom of asso-
12 ciation because we have penetrated the Communist Party so
13 totally we know exactly what they are doing, we've penetrated
14 the Socialist Party, we know exactly what they are doing. I
15 say to myself, I have a terrible moral dilemma. Do I in
16 the first instance sit there idly and say well, that's all right.

17 Now, this gets more and more complicated because there are
18 people who say it's only eight or nine or ten million people.
19 If I accepted that argument, and I do not, then I would say
20 Israel is only one or two or three million, what the hell do we
21 care about. That is not the point. It's not a matter of
22 dimension, it's a matter of quality. And in 1969 I had a ring-
23 ding fight with this gentleman and the Nixon administration
24 when they came in because they said that we should not continue
25 aid to Chile, and the reasons that they used, in large measure,

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1 came from a National Intelligence Estimate at the end of 1968
2 which said that if you concentrate on social progress, that's
3 bad.

4 Now, you know, it's a thicket of ironies and it's terribly
5 hard to figure this out, and you cannot figure it out by head-
6 lines and you cannot figure it out by slap bang type of staff
7 work. The problem was in 1969 that you simply could not, you
8 simply could not ethically, morally say that you know that a
9 free press is going to be eliminated under a certain set of
10 circumstances, free unions, as they were. Chile was the only
11 place in the world which imitated the Soviet Union in having
12 the Minister of Labor also be the head of the one confederation
13 of trade unions.

14 Number two is that yes, I agree with you 100 percent, it
15 is outrageous that a multinational can go in and get this kind
16 of action, if that is what happened. But Chile would not have
17 had a free press. Every statistic, and I have checked this
18 out with the most knowledgeable people I know in Chile who
19 are not fat cats, who are not multinationals, who are not
20 conservatives, without our assistance the free press would have
21 collapsed. There's no question about it.

22 Now, Chile was the most democratic, the most liberally
23 oriented in social legislation. It had carried out more reforms
24 than any other country in the hemisphere under Ambassador
25 Dungan and in my time, and the real issue was do you continue

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1 with what the Congress has voted for, what you morally believe
2 in, or do you do nothing, and it's a very tough issue.

3 Senator Schweiker. Well, I just want to close with two
4 points. Number one, I think the most ridiculous argument I've
5 heard in these hearings this year is to say that because we
6 voted for the Alliance for Progress, that this is a covert
7 action trigger, and that's your responsibility as ambassador.

8 Mr. Korry. I didn't say that.

9 Senator Schweiker. To follow it up and to do just about
10 everything under the sun to see that the Alliance for Progress
11 doesn't fail or we get our money back for that reason.

12 Second, I think your actions in Chile have proved the
13 Communists right, proved the Communists right. The Communists
14 argue that we capitalists will never give Communists a chance
15 to get elected through democratic means, and Socialists can
16 never succeed in our kind of government because we would never
17 let them, and I never believed it and I don't believe it until
18 here we come up here and say in essence, yeah, we'll overthrow
19 the government. If the Chief of Staff gets killed in the
20 process, we have to buy all the newspapers, we'll stop them
21 coming to power. We have proved Castro and the Communists
22 right by our inept and stupid blundering in Chile, and that's
23 my opinion. I have no more questions.

24 (General applause.)

25 Mr. Korry. Do I have the right to answer those comments?

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1 The Chairman. I think they were intended for the Senator
2 to express his opinion to the other members of the Committee.

3 I think we should go on.

4 Senator Tower. Mr. Chairman, I think the audience should
5 be instructed to --

6 The Chairman. I meant by the gavel to admonish the
7 audience, please, to refrain from demonstration.

8 Senator Mondale?

9 Senator Mondale. Thank you, Mr. Chairman, and I'm sorry
10 I'm late, and I would like to limit my questions to Mr. Dungan
11 if I might.

12 Mr. Dungan, in your statement you say on page 2 that we
13 must remember that many of these excesses that occurred in the
14 past have transpired under imprecise Congressional mandates,
15 haphazard Congressional oversight, and with monies provided
16 by the Congress, and I believe everyone on this Committee agrees
17 that that is a part of the problem that we must focus upon.

18 But would you not also agree that the record is pretty
19 disturbing and that there are several ways in which the Congress
20 has been misled? For example, in 1973 Senator Symington
21 asked Mr. Helms, did you try, the CIA, to overthrow the Government
22 of Chile.

23 Mr. Helms: "No sir."

24 "Do you have any money passed to the opponents of Allende"

25 "No, sir."

end 7
begin 8

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1 Senator Church asked Mr. Helms: "Mr. Helms, did the CIA
2 attempt at any time to prevent Mr. Allende from being elected
3 President of Chile in 1970?"

4 "No, sir."

5 We have a document here which states directly that the
6 public was to be told that our relationship with Chile during
7 this period was one of cool correctness. But in fact, the same
8 document goes on, we're going to put the squeeze on them and
9 starve them to death by every manner and conceivable way to
10 just strangle through loans, grants, private restrictions,
11 Ex-Im loans, every way we can get to them. We were going to
12 bring Allende down.

13 In other words, the public was told one thing while we
14 knew in this document that in fact our policy and our actions
15 were entirely different.

16 And it was about this time Mr. Nixon said our policy toward
17 Chile will be what their policy is toward us. So that in every
18 way publicly, privately, in executive sessions, the Congress
19 was led to believe that this sort of thing was not going on.

20 Now, in light of that record would you not say that one
21 of the essential problems we have got as a country under this
22 constitutional system is to somehow correct this, that from
23 here on out there will be direct and honest accountability?

24 Do you agree with that?

25 Mr. Dungan. I certainly do.

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1 Senator Mondale. And do you agree that the record reflects
2 that that was missing to a grievous extent?

3 Mr. Dungan. Yes, I think so.

4 Senator Mondale. And would you agree that there has been
5 a tendency in the executive over the years, when they talked of
6 accounting to and informing the Congress, to pursue what you
7 call the buddy system?

8 You don't report to the Congress. What you do is come up
9 and whisper to a friend who you know is on your side anyway.

10 Mr. Dungan. Yes.

11 Senator Mondale. So then if the thing becomes known later
12 on, you say well, I told John over a cocktail about all this
13 stuff and so I informed the Congress. I think one of the big
14 problems we've got is that for all of the inadequacies of the
15 Congress during this period, and I believe there were many,
16 fundamentally the Executive did not want the Congress to know
17 about this dirty work going on in Chile.

18 Would you agree with that?

19 Mr. Dungan. I think that's true, Senator. I would only
20 add to it that that kind of dissembling, lying if you will,
21 occurs within the executive branch, for example, among agencies.
22 You have to ask precisely the right question and use precisely
23 the right words in order to get an answer. Nobody ever lies,
24 they just don't tell you.

25 Senator Mondale. They play guess the question with you.

1 Mr. Dungan. That's right.

2 Senator Mondale. And how do you ask questions about something
3 you don't know about?

4 Mr. Dungan. As a matter of fact, that's happened here
5 today, if I may say so, I don't think by any deliberate action
6 of anybody's.

7 Senator Mondale. Well, if it didn't happen today, that's
8 the first time, and that's the first time -- we've got to stop
9 playing guess the question with the Executive. They've got to
10 start telling us what they're doing.

11 Mr. Dungan. Well, if I may say so, Senator, and I don't
12 mean in any way -- I think there are deficiencies on either
13 side, and there are fundamental deficiencies among individuals
14 in the Congress and in the Executive Branch, obviously.

15 But Congress has permitted a system to endure by which
16 that game of the buddy system, as you mentioned it, continues,
17 and I think -- I submit while there are lots of remedies that
18 need to be applied, one of them, it seems to me, is to simplify
19 the oversight structure that the Congress has, the appropriations
20 process itself, as well as the way --

21 Senator Mondale. I think there's a lot of validity to
22 that.

23 The final question I have is, while you were in this
24 position, did you feel that the CIA and the others involved in
25 these policies ever seriously and adequately considered the side

1 effects, the long term repercussions of these matters?

2 Mr. Dungan. Certainly individuals I think within the
3 Agency were sensitive and intelligence and did. I think one
4 of the fundamental things that has not come out, I think,
5 anywhere in the record that I was aware of, or in this discussion
6 today, it is an ideological bias within the CIA, which is a
7 hangover from the Cold War. I do not put myself in any category
8 as soft, on Communism, a detenteist or whatever else, but I
9 think it is important to recognize that most people within the
10 Agency believe that anything that aids Soviet Communism is the
11 ultimate enemy of the United States, anything, is reprehensible
12 and ought to be gotten at by --

13 Senator Mondale. Yes, and would you not agree that because
14 of that attitude, and that is all they are thinking about, they
15 pursued tactics that have helped the Communists far greater
16 than if they had just looked at the broader picture?

17 Surely -- well, I see Mr. Meyer shaking his head.

18 Let me say what was said to Mr. Kissinger. This is what
19 they said was the danger of this policy, which he chose to
20 disregard. He said, the biggest danger is exposure of U.S.
21 involvement. This would wreck our credibility, solidify anti-
22 U.S. sentiment in Chile in a permanent way, create an adverse
23 reaction in the rest of Latin America and the world, and perhaps
24 domestically. Exposure of U.S. involvement with an effort that
25 would fail would be disastrous. It would be this Administration

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1 Bay of Pigs. And I suggest that he should have read that, and
2 he wouldn't be in a position where he has to try to excuse
3 himself from appearing here personally and answering these
4 questions.

5 It is this Administration's Bay of Pigs. It's a disgrace.
6 And it's all predicated on the notion that it could be kept
7 quiet, which was a naive and foolish thing to believe. It was
8 in violence to the American principles and set of ideals, and
9 I don't think any serious thought was given to the side effects
10 and ramifications of these kinds of policies.

11 And this runs through all of these covert activities that
12 I have seen. For example, Mr. Phillips, we questioned him. Let
13 me ask you, what he thought were the chances of success of
14 thing were. He said, "On this Chile thing, I assure you that
15 those people that I was in touch with at the Agency just
16 about universally said, my God, why are we given this assignment,
17 reproach from all points. The first reaction from the
18 station when they heard they wanted to do this was, you're sort
19 of out of your mind. This is not going to work."

20 And then I said well, and asked him "What was your estimate
21 of the chances of success?"

22 And he says, "At best, two out of twenty." So he went
23 ahead with a policy that the people in the station thought was
24 crazy. We disregarded the side effects. We thought we could
25 keep it a secret from the American people, despite the fact that

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1 if it were known, it would be tremendously dangerous.

2 Now, what do we do about this? How do we correct this?

3 Mr. Dungan. Well, I think there are a number of ways,
4 some of which I suggested in my testimony, and I don't want to
5 go over it.

6 I would like to make one point though. On the adverse
7 side effects, getting back to the point that Senator Church
8 was making, when one involves oneself in artificial support
9 of any free institution, political party, the press or whatever
10 else, you weaken it. You weaken it. You provide support for
11 something that then becomes dependent on that external support,
12 and really in the long pull, if you look at it philosophically,
13 I mean, you could take the Republican or the Democratic Party,
14 and maybe the way to destroy either one of them would be to
15 put them on the bag.

16 Senator Mondale. Amen.

17 And it seems to me that when we come in and prop up a
18 leader that way, we do the one thing that will ultimately
19 destroy him. We give him reason to believe that he can avoid
20 facing up to the political problems in his own country.

21 Secondly, by giving him outside help and risking exposure
22 to that help, we risk the possibility that he will be seen to
23 be a threat to the nationalistic sentiments of his own country
24 which in my opinion is the most dangerous posture any politician
25 can ever get into.

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1 And I wonder, when I go into this literature, I see very
2 rare expression of any concern of this kind in these matters.

3 I would like to hear more about it. I would like to, but
4 I think we'd better go vote.

5 Senator Tower. If there's no more questioning, Mr.
6 Schwarz, would you tell us who we will hear tomorrow?

7 Mr. Schwarz. Mr. Vance, Mr. Clark Clifford, Mr. Milton
8 Halperin, and Mr. Phillips from CIA.

9 Senator Tower. Thank you very much.

10 And gentlemen, thank you for your cooperation. Thank you
11 for appearing.

12 The Committee is recessed until 10:00 o'clock tomorrow
13 morning.

14 (Whereupon, at 6:05 o'clock p.m., the Committee recessed,
15 to reconvene at 10:00 o'clock a.m., Friday, December 5,
16 1975.)

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