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KISSINGER CALLED CHILE STRATEGIST

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WASHINGTON, Sept. 14—

Secretary of State Kissinger personally directed a far-reaching Nixon Administration program designed to curtail economic aid and credits to Chile after the election of President Salvador Allende Gossens in 1970, well-informed Government sources said today.

These sources said that after the election of Dr. Allende, Mr. Kissinger, who was then serving as President Nixon's adviser on national security, took charge of a series of weekly interagency meetings at which Administration officials worked out a policy of economic sanctions—or "retaliation," as one source put it—against Chile.

Covert C.I.A. Activities

The Nixon Administration repeatedly denied that there was any overt program of economic sanctions against Chile, publicly stating that the Chilean Government's inability to get loans and credits after Dr. Allende's election was a reflection of its poor credit risk.

There was no immediate comment from Mr. Kissinger.

The Secretary of State has been under increasing criticism from Congress since it was revealed last week that the United States had authorized more than \$8-million for clandestine activities by the Central Intelligence Agency against the Allende Government from 1970 to 1973. The funds were approved by the 40 Committee, a high-level panel headed by Mr. Kissinger that is in charge of overseeing the C.I.A.'s covert activities.

Although he is Secretary of State, Mr. Kissinger remains as President Ford's national security adviser and thus still heads

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The source emphasized that Mr. Kissinger's economic activities against the Allende Government were distinct from his involvement in clandestine C.I.A. operations, although both programs were controlled by him with great secrecy.

Mr. Kissinger's decision to become personally involved in the economic reprisals against the Chilean Government angered a number of high-level State Department officials, who considered his action to be a sign of mistrust toward the department, the sources said.

"The whole purpose of the meetings in the first couple of months after the election was to insure that the various aid agencies and lending agencies were rejiggered to make sure that [Allende] wasn't to get a penny," said one well-informed source.

Loans Denied

Over the next two years, the Chilean Government was denied dozens of loans by the World Bank, a multinational loan agency over whose activity the United States has virtual veto power, and by the Export-Import Bank, a United States Government agency. In addition, Chile's short-term line of credit with private banks fell from \$220-million in 1971 to less than \$40-million a year later.

In a speech on Dec. 4, 1972, to the United Nations, Dr. Allende complained of "large-scale external pressure to cut us off from the world, to strangle our economy and paralyze our trade in our principal export, copper, and to deprive us of access to sources of international financing." The Allende Government was overthrown in a bloody coup d'etat 10 months later in which the Chilean leader died.

The most explicit Administration denial of such economic pressure came during hearings last year on Chile before a Senate Foreign Relations subcommittee, in which John M. Hennessey, then an Assistant Secretary of the Treasury for International Affairs, had the following exchange with Senator Frank Church, Democrat of Idaho, the subcommittee chairman:

Church: "So the position of our Government on the state of the economy in Chile was such that Chile was not credit-worthy, and that no further loans should be made owing to the general condition of the economy. Is that correct?"

Hennessey: "That is correct."

Decision Called Political

A number of sources characterized the Nixon Administration's curtailment of credit and aid to Chile as a political decision that was initiated shortly after Dr. Allende formally took office in November, 1970.

"There was a range of alternatives being considered," one source recalled. "The options ranged from a marine-type invasion to massive infusions of money. When Allende became President, everybody breathed a sigh of relief because we hadn't done anything."

"Once he was President, then there was set in motion a care-

fully planned program led by Kissinger," the source added. "He personally chaired—for maybe as long as 10 or 12 weeks—a working staff group dealing with economic sanctions. It was our understanding that the President was extremely concerned about Allende and Henry was showing him that he was on top of it."

The New York Times's sources include former Nixon Administration officials who were involved in the decision-making on Chile after the election of Dr. Allende. Other information was supplied by Congressional officials who have had access to all of the sworn testimony on Chile.

The sources said that the working group included officials at the assistant-secretary level from the State Department, the Pentagon and the Treasury Department as well as Mr. Kissinger and other National Security Council aides. During that period, sources said, a formal National Security Council Decision Memorandum ruling out economic aid to Chile was issued.

'A Kissinger Group'

Normally, the interagency unit would have been under the chairmanship of the Assistant Secretary of State for Inter-American Affairs. But, the sources said, the Assistant Secretary at that time, Charles A. Meyer, had fallen into disfavor with the White House because of his resistance at meetings of the 40. Committee to some of the clandestine C.I.A. activities authorized against the Allende Government.

"It was a big blow to the State Department," another source said. "It was a Kissinger group."

"It stuck in my mind because Kissinger, in effect, became Chilean desk officer," the source added. "He made sure that policy was made in the way he and the President wanted it."