

ARTICLE APPEARED
ON PAGE 1

SUNDAY NEWS JOURNAL (WILLMINGTON, DEL.)
28 NOVEMBER 1976

JFK began Chile bribes envoy says

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Under direct orders from Presidents Kennedy, Johnson and Nixon, the United States government, in partnership with multinational corporations and at times the Catholic Church, spent millions of dollars bribing Chilean officials and political parties.

These allegations and others by Edward M. Korry, U.S. ambassador to Chile from 1967 to 1971, are being examined by the Justice Department for possible perjury and fraud by high U.S. and corporate officials who appeared before the Senate Select Committee on Intelligence.

Korry's charges were confirmed in part by former top-ranking diplomatic officials and in State Department cables, Central Intelligence Agency documents and other government files examined by the Sunday News Journal.

In a series of interviews at his Briarcliff Manor, N.Y., home, Korry said he had told the Justice Department and had testified in secret before the intelligence committee that:

Under direct orders of the late Robert F. Kennedy, "tens of millions of dollars in CIA and Agency for International Development funds were funneled into Jesuit-led Catholic groups in order to fight 'layicism' (sic), Protestantism and Communism, and to assist in the election of President Kennedy-supported candidates in Chile."

Under orders from President John F. Kennedy, "tens of millions of dollars of 1960 Chilean earthquake relief funds were diverted into the Jesuit-led Catholic groups for domestic political activity in Chile."

The CIA had high Chilean ministers on its payroll during the administration of Eduardo Frei, the Christian Democratic president of Chile from 1964 to 1970.

Ralph Dungan, Korry's predecessor as ambassador to Chile, offered Frei technical assistance and CIA funds in building his political party along Kennedy-like grassroots lines and to restructure the Chilean executive government.

U.S. interference in Chilean politics went so far that Dungan suggested Frei name a Christian Democrat with close CIA ties as his successor.

President Kennedy recruited David Rockefeller, chairman of Chase Manhattan Bank, to start the Business Group for Latin America and this group of key multinational companies worked

hand in hand with covert action programs in Chile during the Kennedy, Johnson and Nixon presidencies.

The government of Salvador Allende accepted bribes from such companies as International Telephone and Telegraph, General Tire, Cerro Copper and Anglo-Lautaro Nitrate Mines to prevent expropriation by the Chilean government. The Marxist Allende, elected in 1970, died an apparent suicide after his overthrow in 1973.

ITT "defrauded the U.S. government out of \$99 million by collecting insurance after paying bribes to Allende officials, in direct violation of the Overseas Private Investment Organization insurance policy ITT collected from the U.S. government."

Even today the military junta running Chile has upper-echelon civilians accepting bribes from multinationals on a continuing basis.

The Senate Select Committee on Intelligence "covered up these crimes and lied to the American people in order to protect the memories of Presidents Kennedy and Johnson."

The Sunday News Journal attempted to reach all institutions, corporations and individuals involved in Korry's allegations. In some cases comment was refused, outright denials of the allegations were issued or Korry's charges were in part or wholly confirmed.

"It was only after the committee refused me the opportunity to tell what I knew that I began cooperating with the Department of Justice," Korry explained.

He said he had unsuccessfully tried to make the public aware that American intervention in Chilean affairs did not start with the Nixon Administration.

He has given a long deposition to the Justice Department, whose attorneys say his charges are being actively investigated. The

charges are "of an apparent criminal nature," according to Alfred L. Hantman, chief of general crimes in the Justice Department's criminal division.

Korry contends that "a deal" was made within the Senate committee between Chairman Frank Church, D-Idaho, and Vice Chairman John Tower, R-Texas. Under the alleged deal, Korry says, Church and the liberals on the committee agreed to give only a superficial look at the CIA, multinational corporations and the Kennedy assassination if Tower and the conservatives did not push for a full probe into the illegal actions of Presidents Kennedy and Johnson.

Church flatly denies this.

"There was no deal or understanding between myself and Sen. Tower or anyone else to withhold information involving Presidents Kennedy, Johnson or Nixon," Church told the Sunday News Journal. "In fact, the covert action report treats extensively the intervention during the administrations of all three presidents."

Korry disagrees that an effort was made to get all the facts.

He points out the Church committee issued its report on the Kennedy assassination on Nov. 14, 1975, and on Chile on Dec. 4, 1975. Korry says that although both reports named him repeatedly, he was "barred" from testifying despite six months of "repeated pleas."

He finally was one of three public witnesses called the day the Chile report was issued and then allowed to testify for 13 to 12 minutes at the end of the session and only on his knowledge about what happened during the Nixon years.

After he wrote the committee that he intended to go to the Justice Department, Korry was called to testify in secret. On Feb. 24, 1976, Korry testified for 6½ hours before staff members, but Korry says his own and other former ambassadors' requests the testimony be made public have been turned down.

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Church explains that the committee voted 10 to 1 "to keep it classified" after requests from the State Department and the CIA.

Robert Kennedy, attorney general and head of the White House Special Group, was the overseer of covert political activity throughout the world while his brother was president.

According to Korry, Robert Kennedy directed large amounts of foreign aid (Agency for International Development) and CIA funds to Jesuit-led organizations in Chile. A State Department document Korry made available to the Sunday News Journal says the money was to be used "to oppose layicism (sic), Protestantism and Communism."

Korry says Robert Kennedy was introduced by Ralph Dungan to Roger Vekeamans, a leading Belgian Jesuit, in 1953. Dungan had served on the Kennedy's staff before he was named Chilean ambassador.

Dungan confirms the introduction and says Vekeamans and Kennedy "hit it off right away." Through Vekeamans, Korry says, "the Kennedys poured tens of millions of dollars and joined the Catholic Church in pushing the Christian Democrats" and in boosting the chances of Eduardo Frei in the upcoming 1964 elections.

Korry says the money was used to "pay off officials and political parties" but he could not determine the exact amount.

Dungan confirms he got "considerable CIA and AID funding" but denies Korry's estimate of the amount. He also acknowledged the Kennedy Administration was interested in assuring Frei was successful against Allende, the Marxist Socialist candidate.

At a meeting of the board of overseers at Harvard University in the spring of 1953, Korry says, President Kennedy took aside David Rockefeller and asked him to consider bringing "key multinational corporations into Latin America to assist the Alliance for Progress." The alliance was Kennedy's massive aid program for Latin America.

Rockefeller said he was concerned that foreign investments might be nationalized, Korry says, so Kennedy pledged to set up an insurance program for those companies through the U. S. government to reimburse any expropriation losses.

Rockefeller launched the Business Group for Latin America in late 1963, according to an unpublished internal history of the group. It first included 37 major multinational corporations and today is known as the Council of the Americas, with more than 200 members.

The group was brought into covert U. S. activities by Robert Kennedy, Korry contends.

Enno Hobbing, who testified he was the group's director of "long-range planning and policy articulation" until 1973, told the subcommittee on multinational corporations that he had been a CIA employe until 1954. He further testified that the business group's annual budget was \$750,000 and that 85 per cent of all multinationals doing business in Latin America were members.

Hobbing told the Sunday News Journal that the group continued to work closely with the Johnson Administration after Kennedy's death and that "we organized our organization into nine area desks for Latin America just like the State Department" to ease communications.

The group's executive committee included such important figures as Harold Geneen of ITT and Donald M. Kendall of PepsiCo, both board chairmen of those multinationals.

Thomas C. Mann, assistant secretary of state for Inter-American affairs in 1964 and later an undersecretary of state, confirms that he "worked very closely with (the group) during the Johnson years. We met regularly."

In a telephone interview from his retirement home in Austin, Tex., Mann told about a key June 1964 meeting in Rockefeller's Park Avenue office in New York. Representatives of about 20 multinationals, including ITT, PepsiCo, Anaconda Copper and International Meatpackers, expressed concern about the possibility Allende would win that year's Chilean election.

According to Dungan and Korry, the group decided International Meatpackers and Augustin Edwards would import beef during a period of Chile's off season and high meat prices. Edwards was publisher of El Mercurio, one of Chile's leading newspapers, and a vice president of PepsiCo for Latin America.

"The reason they did this," Korry explains, "is that the Christian Democrats and the multinationals wanted to create the illusion things were better than they were in Chile and discourage the vote for Allende."

Mann "thinks" he may have been in New York at such a meeting on June 24, 1964, "but can't remember the details."

Dungan told the Sunday News Journal that "it was my job after Bobby Kennedy left the executive branch to see to it Frei beat Allende in 1964." Frei did take office that year.

Mann said that it was obvious "the Kennedys had a special interest in Chile — they poured millions into it. I think they had a fascination with seeing a Kennedy-style government down there."

Korry charged that the business group used millions in money and materials to interfere in Chilean domestic politics by bribing politicians and political parties.

George Taylor, a spokesman for the Rockefeller family, said that David Rockefeller would have no comment on any of the allegations.

Korry charged and Dungan confirmed that Dungan's 1964 appointment by President Johnson to be ambassador to Chile was a reward for having "pulled off" the Frei victory over Allende.

Korry, who was named by Johnson to succeed Dungan, said that after he arrived in Chile in 1967, he learned that Dungan had offered CIA money and advice to Frei to redesign his executive government. Further, Dungan had, according to Korry, "offered CIA help and technical advice in organizing the Christian Democrats along the lines of the Kennedy political machine in the U. S."

Dungan "even had the nerve to suggest that Frei pick as his successor a Christian Democrat with close CIA ties," Korry contends.

Dungan, currently chancellor for higher education for New Jersey, confirms he discussed domestic politics with Frei. "You have to understand I did give him advice as I would talk to any friend. I don't remember offering CIA help but the only kind of politics I could discuss with him is what I knew — Kennedy politics."

"I was a close friend of Frei and we did discuss details of how to run his government on a day-to-day basis. That is just the way it was," Dungan added.

But Dungan denies offering Frei CIA money, adding: "I was not always aware of what the CIA did behind my back."

Korry says he learned that Dungan had arranged for ministers in the Frei regime to be on the CIA payroll.

In an interview, Dungan denied this, saying, "I just wasn't responsible for that kind of thing."

Korry replies: "Working with CIA in these matters is a very big

part of an ambassador's job."

Korry says Dungan had briefed him (Korry) "prior to me going to Chile and told me about some of these incidents. The rest I learned from President Frei, CIA people and embassy files."

Korry refused to identify the specific Chilean individuals working for the CIA. "Doing so would serve no purpose, except to sign their death warrant," he said.

Dungan, testified before the Church committee in December 1975 that there had been little intervention in Chilean domestic affairs by the U.S.

"When I was ambassador to Chile, U.S. covert activities in Chile were not extensive and most were irrelevant and not directed to Chilean political institutions," he testified.

Asked if he would testify that way today, in the light of evidence uncovered in investigations, Dungan told the Sunday News Journal, "You had to compare what we were doing with what Nixon did. Our efforts were benign -- they really made an attempt to improve the lot of the Chileans. When we brought in food for an election it was no different than a ward heeler giving away turkeys during an election here."

Dungan, who first went to work for President Kennedy when Kennedy was a senator, also said in the interview, "Both Bobby and the President were suckers for the toy soldier routine and Bobby loved that CIA stuff. He got into it after the Bay of Pigs. You have got to remember Bobby was a real hawk."

Dungan said that after Robert Kennedy left the White House, "I continued the same policies under (President) Johnson." His boss then became Thomas Mann.

One of Korry's lighter recollections of Chile involved an agreement Dungan had negotiated to station Air Force personnel in southern Chile and on Chile's Easter Island in the South Pacific, 2,300 miles west of Chile. Korry said that to his horror he discovered that no agreement existed in writing for the contingent to be on Chilean territory.

"About a year and half after I got to Chile a cable from the Air Force arrived with great fanfare in the middle of the night. The message said the computer had sent a black man to Chile by mistake. I thought they had gone crazy in Washington."

Korry then discovered that the Dungan embassy had agreed never to allow a black military man in Chile. Dungan confirmed "There may indeed have been a problem with blacks in Chile."

Korry said he immediately contacted the Chilean Air Force to see if there was any objection and "there wasn't, so he came down." "The upshot of the whole thing is," Korry recalls, "that the Air Force had been trying to get the guy to go to Hawaii or anyplace else, but he had a bug about coming to Chile."

Korry recalls with "great embarrassment the fact that the Easter Islanders were so impressed with the medical treatment and jobs they got from our small contingent there (about 80) that they petitioned me for statehood."

Korry said this got even stickier when President Frei told him that a Chilean secret report showed that the Easter Islanders respected and loved the American contingent there but "disliked the authoritarian and pushy Chileans." Dungan said the Easter Island facility was a "hush-hush" tracking station used to monitor French atomic tests in the Pacific and to track U.S. rockets.

After President Nixon took office in 1969, Korry says, policy in Chile took on a different tone. "It was obvious that Chile was going to become a battleground between Kennedy loyalists and Nixon people. Nixon was concerned about Allende for the 1970 elections and, as we learned later, that turned into paranoia."

Nixon did not trust the Christian Democrats because of their links to Kennedy. So, "they were getting the cold shoulder from Nixon," Korry recalled.

He said that one of his first orders from Nixon was that Frei, who was nearing the end of his term as Nixon began his, would not be welcome or allowed in the White House. State Department files confirm this.

Korry said, "I began to worry about Nixon's coolness to the Christian Democrats who, because of our help, had been pro-U.S."

Korry said it was obvious that Nixon would not help another Christian Democrat. Compounding that, he pointed out, Frei could not legally run for another term as president of Chile.

According to Korry it was with this background that things began to grow uncomfortable in Chile and he had "to threaten to throw multinational corporate executives out of the country if they continue to meet with extreme rightist military types."

Korry says that he believes it was the frustration of the multinationals within the Business Group for Latin America that led them to lobby the Nixon Administration for more direct action against Allende. Allende had already announced his plans to run for president in 1969.

Korry says this was the beginning of the top-secret Track II, a \$6-million program that was personally directed by President Nixon to "destroy" Allende. "Track II was run without my knowledge and behind my back," says Korry, and State Department and Church committee testimony bears this out.

Korry had been allowed to testify publicly before the Church committee only in one area — Track I, which was a "standard" embassy CIA propaganda operation that "did not use one additional nickel of taxpayers' money."

Korry said he became suspicious in 1969 that "things were going on I didn't know about." Immediately after Allende's victory in 1970, Korry asked to go to Washington for a White House meeting with Nixon and Secretary of State Henry Kissinger.

"The first thing Nixon said to me when I walked into the Oval Office was, 'I am going to smash that son of a bitch (Allende) and, Ed, I know this isn't your fault.'"

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"You have always told it like it is."

Korry said that Nixon went on with a long monologue on how he was going to bring Allende down.

"To Nixon's and Kissinger's shock," Korry says, "I told him that he could not do this and that he was dead wrong."

Korry said that Nixon looked at him as "if he were a bemused parent looking upon an errant child."

Korry said as the conversation went on, Nixon "led me — and I thought Kissinger — to believe that he was going to consider some friendly overtures toward Allende such as sending a normal delegation to his inauguration.

"After my meeting with Nixon, I immediately reported to Charles Meyer, assistant secretary of state for Latin America, and I told Charlie that I had swung Nixon around 180 degrees. Charlie was skeptical."

Meyer, now a vice president of Sears, Roebuck Co. in Chicago and a sometime critic of Korry, confirmed the incident. He said in a phone conversation with Korry, witnessed by a Sunday News Journal reporter, "I really thought the CIA had not been involved in Chile — mistakenly I might add."

Korry said he learned much later that Nixon had no intention of any peaceful overtures toward Allende.

A month before Korry was in the White House, he says, there had been a meeting between Nixon, Atty. Gen. John Mitchell, Kissinger, and publisher Edwards. The meeting had been arranged by PepsiCo's Kendall, an old friend of Nixon.

Richard Helms, then CIA director, testified before the committee that the meeting was on Sept. 15, 1970. Korry says the Track II program was approved at this meeting.

"So my meeting with Nixon was a lie, a complete charade," Korry says. "Kissinger managed to get some blatant CIA stuff stopped in the President's name, but that was all. It was a complete lie" that the United States would try to work with Allende.

The Nixon-Edwards meeting led to El Mercurio's receiving \$1.6 million in CIA funds to oppose Allende in its pages and to keep the paper going, Korry says. Allende had pledged publicly to rid Chile of Edwards and the publisher left Chile before Allende was inaugurated in late 1970.

Helms' former boss, John J. McCone, who was a member of ITT's board of directors and was CIA chief under Kennedy, "leaned on Helms to push hard for the Track II program in Chile," Korry continues. He says his information comes from "an impeccable source in the highest ranks of the CIA establishment."

Sunday News Journal calls to Kendall at PepsiCo and to McCone at ITT, asking for comment, were not returned.

After Allende's election, Korry recalls, the White House "tried to send me \$250,000 to bribe members of the Chilean Congress so they wouldn't vote for the ratification of Allende's victory." Korry says he refused to let the money into the country.

Once Allende was in office, Korry says, the multinational companies, which had tried so hard to defeat him, "made a complete turnaround and bribery was once again the order of the day."

This is another point on which Korry takes issue with the Church committee.

"The committee lied to the American public by portraying the Allende regime as socially democratic and honest.

"The fact is that Allende's government took hundreds of thousands of dollars in bribes that he shared in."

In contrast, Korry says, the Church committee report lists one Chilean government official "as receiving a bribe from ITT. They don't mention his name and they say he is a Christian Democrat."

Korry identifies the official as a member of Allende's Socialist government, Jackopo Shaulsohn, who "accepted a bribe in the tens of thousands of dollars from ITT to prevent that company's expropriation by the Allende regime."

Shaulsohn's ITT code name was "Fat Man," according to Korry. Shaulsohn, who was a member of the Constitutional Tribunal, appointed to review Allende's legis-

lative proposals, was not the only Chilean official accepting bribes, Korry says.

Anglo-Lautaro, the Guggenheim family's nitrate company in Chile, paid \$500,000 in early 1971 so the Allende government would pay \$7 million to \$8 million in return for expropriation, the former ambassador says.

Korry explains that any company paying bribes was not eligible to be reimbursed by the U.S. government's nationalization insurance program. The Justice Department's investigation includes whether "ITT lied to the Church committee concerning the paying of bribes to the Chilean government in connection with winning an \$89-million insurance judgment on its policy," he explains.

Keith Perkins, assistant director for corporate relations and advertising of ITT, denied Korry's allegations, saying: "ITT engaged in no such bribery and we deny the merits of these allegations."

Even today, Korry contends, "people very close to the junta running Chile have accepted bribes on a continuing basis." He tells of being approached by Americans favoring the military junta and being offered "jobs, money and trips to Chile" to assist them.

Church was asked why these allegations are not discussed in detail in his committee's report.

"In most cases," he replied, "the names of Chileans and Chilean institutions have not been made public in order to avoid disclosures of sources and methods of intelligence operations."

Korry contends the picture of Allende as "a man of the people" is contradicted by his life style "as a pleasure seeker who loved women and lived during part of his presidency with his secretary-mistress in a half-million-dollar home he did not pay for."

PepsiCo's Kendall, a leader in Soviet-U.S. business exchanges, is quoted by Korry as saying that the "fall of Allende was the first fruit of detente."

"What Kendall meant was that the Russians would sooner give up their Marxist in Chile than risk detente with the United States," Korry said.

Korry calls the Church committee's failure to bring this out "a criminal act." But in a Justice Department letter to Korry, J. Allen Larver, a criminal division attorney, says congressmen are immune from prosecution even if guilty of suppressing evidence.

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Korry's interview and the publication of his story ends, at least in part, years of frustration in trying to get out the full story of U.S. intervention in Chile as he knew it.

Not only was he unable to get public testimony before the very congressional committee investigating the subject, but also Korry has been thwarted in getting it told in newspapers. He says that when he talked to The New York Times and Washington Post, "staff members of the intelligence committee would tell reporters I wasn't stable."

In checking information provided by Korry, the Sunday News Journal was given similar warnings, always off the record.

As the only way he had of fighting these reports, Korry turned over his complete medical records, which show no evidence of any psychiatric history. He also opened the numerous personal background checks made before he was first appointed by Kennedy in 1963 to be ambassador to Ethiopia and later to Chile.

Korry quotes one 1973 conversation as an example of the committee's alleged efforts to whitewash the Kennedy-Johnson years and tar the Nixon years.

"At a meeting on multinational companies in Germany in 1973, I ran into Jerome I. Levinson, chief counsel to Church's committee on multinational corporations. He asked me to testify to 'get Nixon and Kissinger.'

"He couldn't understand why, as a lifelong Democrat and a liberal Kennedy appointee, I would not be willing to get Nixon and Kissinger."

While Levinson recalls meeting Korry in Dusseldorf, Germany, he vigorously denies making any such comments.