

12 SEP 1975

Lockheed Consulted Embassy on Agent

Influence With Indonesian Government Was Criterion for Job, Letters Show —Colonel Asked C.I.A. for Data

By ROBERT M. SMITH
Special to The New York Times

WASHINGTON, Sept. 11—Correspondence of the Lockheed Aircraft Corporation released by a Senate subcommittee today shows that the company consulted the American embassy in Indonesia in an effort to select a sales agent with influence with the Indonesian Government.

The air attaché, in turn, said he would ask the embassy's personnel from the Central Intelligence Agency to research the matter. In the end, however, the Lockheed employe involved in trying to select the sales agent concluded that the embassy was not able to provide useful information.

The documents released today, comprising internal company memoranda, correspondence between the company and its overseas agents and copies of a Defense Department memo, show that the company clearly used overseas agents who, it felt, had influence with the governments concerned—Saudi Arabia, Iran and the Philippines as well as Indonesia—and sometimes arranged their payments in a clandestine fashion.

Journalists Paid for Stories

The correspondence also appears to confirm that the company made payments to foreign journalists to publish a story favorable to it. The country involved was the Philippines, where Buddy Orara, Lockheed's agent, wrote to a company official in Georgia:

... What I have done about our business is to feed the story to a major business publication, which I expect to make an 'expose' momentarily. Once the initial leak has been launched, I intend to spread the story to the other publications until it catches public attention.

"There is another aspect which we should have been able to take up during your visit. It is a rather delicate

matter, but we might as well clear it up at this stage.

"As you know, moving around in the local circles for this kind of objective involves financial requirements, whether one is dealing with press people, Government people or Army officers. In fact, I have already spent a little for this project and now foresee heavier requirements. Will you help me out in this department, or do I assume the expenses under a program of being reimbursed (and rewarded) later on?"

Orara's Use Discussed

Included in the correspondence is a letter from one Lockheed employe to another concerning Mr. Orara's possible use to the concern. It points out that he is a public-relations man with McCann-Erickson and says:

"Unlike most other P.R. types with whom we deal, Buddy is apparently well connected politically. Prior to his McCann-Erickson service, Buddy was employed for three years by the Philippine Government in the protocol section of the President's office. This has given him entrée to places, which, under other circumstances, he would not have.

"Buddy indicated that these connections could be put to use, at the proper time, to assist our efforts in selling C-130's. He said he could not do any good, however, while our proposal remains at Air Force level, even though it is in the Commanding General's office.

"When it is staffed and passed on to higher authority, Buddy can then purportedly bring influence to bear on the program.

"In exchange for this service, Buddy indicated that he

would not consider it amiss if Lockheed chose to remember his financially if and when the program is sold. He was told that if his services proved to be the catalyst needed to consummate the sale, he would indeed be remembered."

Inquiries in Indonesia

In a 1967 memo dealing with "Lockheed's Agent in Indonesia," then a Mr. Dasaad a company employe wrote that during a visit to Jakarta some discreet inquiries were made regarding Dasaad's position with the new regime in Government. Most replies were that it was too early to tell, but Dasaad had most likely kept his fences mended on both sides.

"In order to try and obtain a more definite answer to this question [a Lockheed employe] met with Colonel Slade, United States Air Force Air Attache and inquired if the United States Embassy had any means of checking out and evaluating Dasaad's position with the new Government.

Colonel Slade stated that he could have the embassy C.I.A. personnel "check" this out and would give a report back as soon as possible."

The colonel reported back to Lockheed twice on the progress being made, according to the memo.

"The first report was that their preliminary findings were Dasaad was 'in' with the new Government. The second report was 'Dasaad was definitely well connected with the Suharto regime'."

Later, the memo says, another report was received from the colonel "completely contradicting the previous two reports, stating that Dasaad was 'out' with the Suharto regime.

"These contradicting reports created doubts," the memo reports, "as to the United States Embassy's ability to really evaluate the question."

The Lockheed documents were gathered and released by the Senate Foreign Relations subcommittee on multinational corporations. The subcommittee is scheduled to hold hearings on Lockheed's foreign payments tomorrow.

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Slade, Colonel