

Mr. Korry, you have a statement you would like to make at this time?

**TESTIMONY OF EDWARD M. KORRY, FORMER U.S.
AMBASSADOR TO CHILE**

Mr. KORRY. Thank you, Mr. Chairman and gentlemen.

I requested the CIA program in Chile. I planned much of the covert action in 1970. I drafted most of the policy that the United States pursued with the Allende government in 1971, the year of my departure. I met with President Nixon in the Oval Office 2 weeks before General Schneider was murdered. I talked with Dr. Kissinger before and after that grotesque and inexcusable episode, and met with several layers of CIA official men. I was propositioned by key Chileans anxious to involve the United States in hair-brained plots. I even attended a 40 Committee meeting.

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

The CHAIRMAN. Well, you are here, Mr. Korry.

Mr. KORRY. Yes. The equivalent of due process is what I was counting upon; fair play, decency, justice, call it what you will, guaranteed, I thought, at least one occasion to talk to you before you wrote and published a report which deals with serious public issues, grave questions of morality, and which invokes my name often.

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

The CHAIRMAN. Mr. Korry, I don't mean to interrupt you because if we're going to make charges—

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

The CHAIRMAN. I just want to say that you were interviewed for about 5 hours by a member of the staff. At that time we were looking into the assassination question. We were informed by the staff that you had no knowledge. Your transcript showed that you had no knowledge of the so-called Track II, which was the thing we were looking at, and it was for that reason that we didn't call you in executive session for further testimony. It was not for the purpose of excluding you. We were looking for witnesses at that time who could give us testimony relating to the general subject of assassination, which was then the subject of our executive hearing. But it was not for any purpose of excluding you.

The staff member who interviewed you concluded that you had no information to give on that subject. That was the only reason why you were not called.

Mr. KORRY. Mr. Chairman, if I may respond to just that one point, if that were true, Mr. Treverton, the man who interviewed me, would not have written subsequently to me asking me to be prepared to address myself to questions on the assassination report. I will submit his letter in the record. [Exhibit 3.¹]

So, to get back to the narrative. I wrote a 27½ page typewritten statement, 10,000 words, which you received October 28, according to the Postal Service. I asked that each Senator be given a copy promptly so that each would have 1 full week to consider it with care, but without publicity, before I testified on the scheduled date, November 4. I thought it was only fair and honorable to give you an opportunity to review the rather meaty disclosures I make, as well as the charges I level against you, Senator Church, and the staff of another committee that you chair.

I also wanted everyone to reflect on some rescuing truths that America deserves and needs, truths that will push some air into the suffocating national guilt that you, Mr. Chairman, have done so much in the past 3 years to propagate.

Your staff, though, blamed your peers, Senator Church, for the decision that the public hearing be delayed. I was told that you, Senator, wanted the hearing, but minority members, Republicans, were responding to White House pressure. The majority members, Democrats, were chary about what might be said in public concerning the Kennedy years.

I now formally resubmit that written statement for the record. [Exhibit 4.²]

The CHAIRMAN. Well, for the record, then, it is incumbent upon me to say that your original statement, when it was received, was distributed to all members of the committee.

Mr. KORRY. I didn't say that it wasn't.

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

Mr. KORRY. The assassination report was sent to me after it was made public, out of courtesy, your staff wrote, with what I considered to be an exquisite irony. And I read it; I comprehended why it was indispensable that we be kept apart. Almost every page of the chapter dealing with Chile, almost every page, that is, of which I have some knowledge of the facts, contains a dishonesty, a distortion, or a doctrine.

Much is made in the assassination report of the "two tracks" that the U.S. policy followed in Chile in September and October of 1970. The report stitches a new myth to suit some consciences or some ambitions or some institutions. There are many who it might wish the public and history to believe that no real difference existed between the diplomatic Track I that I followed, and the covert military Track II that the White House launched. It is hogwash. Track I followed Mr. Frei, then the President of Chile and its constitutional leader. It adopted certain minimal and cosmetic suggestions put forward by one purportedly in President Frei's confidence. Track

¹ See p. 97.

² See p. 100.

I led nowhere because President Frei would not encourage or lead any Chilean military action, and because I would neither have the United States through the CIA, or anyone else even in the private community, assume a responsibility that had to be Chilean. I never informed President Frei of the money which was authorized for work for Track I, and not a penny, as you also say, was spent on it.

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 any constitutional framework of Chile. Track II is the track to which I've often alluded and to which my Embassy had alluded in cables since 1969. The Socialist Party, Allende's party, had conspired with the same plotters in 1969's abortive coup by General Viaux and the extreme left that is part of Allende's party, was very much involved, as the Embassy reported. Indeed, the Allende government was remarkably lenient in its punishment of killers, of 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 the extreme left activists who were intimates of and supporters of Allende.

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

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

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 contact with President Frei or any minister or deputy minister, from any contact with any major political figure without my prior approval, which was rarely given, or any contact with the head of, or a leading figure in a government agency.

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

D. I dissuaded U.S. 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.

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

F. I consistently warned the Nixon administration, starting in early 1970, months before the election, that the Chilean military was no policy alternative in Chile. 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 that if anyone were considering such schemes, it would be disastrous for U.S. interests.

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

One, on September 25: "Aside from the merits of a coup and its implications for the United States, I am convinced we cannot provoke one and that we should not run any risks simply to have another Bay of Pigs. Hence I have instructed our military and CAS" that is, the CIA, "not to engage in the encouragement of any kind."

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

G. I was so alarmed by a coup possibility that I requested my deputy, now the U.S. Ambassador to Venezuela, in late September or early October to investigate my suspicion that the CIA was "up to something behind my back." I questioned him and others closely and repeatedly as to whether they had discovered anything corroborative. No one could find any basis for suspicion. So I asked on October 1 to fly to Washington for consultations on how to deal with Allende in office. Permission was refused for 10 days. I requested in that same cable that executive sessions be arranged with Senators and Congressmen. Permission was denied. At no time did I suggest or did Washington instruct me to work for the overthrow of the Allende government. Let that be very clear. At no time, to my knowledge, did the United States engage in bribery of any Chilean Congressman, at no time did anyone give me a green light, in September 1970, or any instruction in that period, not firmly predicated on prior constitutional action and concurrence of the Frei government.

At no time until I read it 4 years later in the New York Times, did I see or hear the word "destabilize" in connection with the policy toward the Allende government.

At no time did I recommend nor did I receive instructions from Washington to follow with the Allende government any policy other than the one I launched, against Presidential preference, the policy I launched and pursued to reach an understanding with it; the sole policy to which I adhered throughout my 4 full years in Chile was to protect and to strengthen liberal and progressive democracy in one of the shrinking circle of nations that practices that form of government.

I told President Nixon in the Oval Office in mid-October 1970 that the United States had to avoid a self-fulfilling prophecy however cor-

rect my reporting and analysis might be, by seeking generally an understanding with Allende, starting even before his inauguration. I said this effort need not prevent subsidies by the CIA to nonconformist media and to nonconformist, nonextremist political parties which we knew, we knew from superb CIA penetrations and from excellent State Department reporting were soon going to be squeezed to the wall.

Starting a fortnight after Allende's inauguration in mid-November 1970, the United States, 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 to offer to have the U.S. Treasury guarantee long-term bonds of the Chilean Government.

And I would like to submit the declassified cable [exhibit 5¹] summarizing that entire effort. It is my only copy so I would appreciate it if somebody would make a copy and return it.

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

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

Allende chose not to accept. The ultras in the leadership of the Socialist Party vetoed compromising in any way with imperialism, and let me add that President Allende in July of 1970, 3 months before he was elected, said from a public platform that the No. 1 public enemy in the hemisphere was the United States. They ruled out also any cooperation with "the bourgeois reformists" in the Christian Democratic Party. 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 egocentrism. I hope you comprehend my view that your report on Track I and Track II does not accord with the facts. The authors do not seem to be able to distinguish between a consultative process and an action, nor do they comprehend that an ambassador, as the highest ranking American in the country and the personal representative of a President, can ignore, can reject, can string out, can string along, can do many things with an "authorization."

Hence the report unconsciously falls in with a monstrous black-white mythology foisted on this country during the past 3 years, a morality fable in which American officials were all Nazi-like bully boys cuffing around decent Social Democrats, although Dr. Allende and his left Leninist Socialist Party had nothing but contempt for Social Democrats, and although Dr. Allende, as the Embassy had reported for many, many years, had personally been financed from foreign Communist enemies.

My time has run out. I had intended on November 4, when I thought I would come here, to address the very complex and serious questions rightly raised by an inquiry into the intelligence community. You forced me today to try to expose what is wrong with government by headline. What happens when the public interest turns into a porno-

¹ See p. 128.

flick, a sensate experience into a cynical careening from one superficial sensation, dart guns, poison, and all that, to another, to divert the public from the complexity of reality, what happens to the civil rights of an individual, me in this case, but it can happen to anybody, to the quality of political life, to the national interest, to the truth, when moral fervor runs over into the moral absolutism that has now led to the desolation of Chile.

Thank you.

The CHAIRMAN. Yes, I agree it has led to the desolation of Chile. I will have some questions. But we have another vote, I am sorry to say, and we'll have to take a short recess, and we'll come back for questions.

[A brief recess was taken.]

The CHAIRMAN. All right. The hearing will please come back to order.

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

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

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

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

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

Mr. Korry. Without question.

The CHAIRMAN. And you were not so told.

Mr. Korry. I was not. Moreover, I was kept on for 1 more year with the certain knowledge of many in the Government that I did not know that the Allende government thought I was involved in those plots, and that the consequences for any exposure of that plot would fall upon me.

The CHAIRMAN. Well, with all respect, I would think that you should be more outraged at that kind of treatment from the administration, the State Department and the CIA, than this committee.

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

The CHAIRMAN. What private organizations?

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

The CHAIRMAN. Well, I defer to you on that.

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

Mr. KORRY. Thank you.

The CHAIRMAN. Now, Mr. Meyer, you will remember about 2 years ago I was chairman of a subcommittee that was looking into the charges that ITT had offered the CIA \$1 million to prevent Mr. Allende from being installed as President, and we were able to make some findings based on documents the committee received that were largely those of the ITT Co. itself.

You appeared before that subcommittee on March 29, 1973, and I asked you then about what our official policy, that is to say, our governmental policy was toward Chile, and you may remember that Mr. Broe, who was an employee of the CIA, had suggested a series of actions to Mr. Gerrity of ITT, a series of economic actions that could be taken on the part of the large American companies that would tend to create economic confusion, economic chaos inside Chile. And I was attempting to determine whether those suggestions by the CIA's agent, Mr. Broe, to ITT corresponded with the policy of the U.S. Government toward the Allende regime. And I asked you the following question:

Then does it follow that the serious discussion of this thesis and ways to implement it by Mr. Broe with Mr. Gerrity on September 29 conflicted with the policy of the American Government toward Chile?

And you replied as follows, reading from the record:

Forgive me, Mr. Chairman, but let me reiterate, and I know this is a redundancy, so forgive me, but appropriately I think it is important that we remember that during the period really covered in this chronology, we are talking of three Chiles. If you go beyond the September 29 date, we are talking of three Chiles: the Chile of the tail end of the Frei administration during the popular elections, the Chile during the period of September 4 to October 24, and the period subsequent to Dr. Allende's confirmation by the Congress.

The policy of the United States was that Chile's problem was a Chilean problem to be settled by Chile. As the President stated in October of 1969, "We will deal with governments as they are." I do not find in total sincerity, sir, anything inconsistent with the Agency, as I now know, having explored the possibility or series of possibilities that might have been inputs to change a policy but were not.

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

Mr. MEYER. Mr. Chairman, let me answer by taking the last allegation first. The alleged attempted coup to prevent Allende from becoming President or confirmed by the Senate, if that indeed existed, must be Track II, and I was totally, totally honest when I made that statement to you.

And now, you touched on economic pressures. There is a chapter—

The CHAIRMAN. Just so that I may understand, you are saying that when you testified, that our policy was one of nonintervention, and that it was entirely correct in relation to Chile, and I believe I remember your using both terms; you are now testifying that you then had no knowledge of the covert attempt by the Government of the United States to secure a military coup d'etat in Chile that would prevent

Allende, having won the popular vote, being installed as President.

Mr. MEYER. Correct.

The CHAIRMAN. In the committee's report, we quote the testimony of Secretary Kissinger, and he stressed the links between Tracks I and II, and this is the quotation from Kissinger:

There was work by all the agencies to try to prevent Allende from being seated, and there was work by all the agencies on the so-called Track I to encourage the military to move against Allende. The difference between the September 15 meeting and what was being done in general within the government was that President Nixon was encouraging a more direct role for the CIA, and actually organizing such a coup.

So you were aware, weren't you, Mr. Meyers, of a very extensive American effort inside Chile even though you may not have known of the direct Presidential order to attempt a military coup d'etat.

Mr. MEYER. I think, Senator Church, if my memory serves me, in your other committee to which you referred, we agreed that there was a considerable preoccupation with what methodology, if any, might exist within Chile that would elect Alessandri rather than Allende. There was a very real examination of Chilean mechanisms available within Chile, a very, very—I think Ed's statement amplifies that. What is the situation in Chile now? Is Allende going to be elected? Is there any antipathy to the thought of Allende being elected, and where would that antipathy congeal or solidify?

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

The CHAIRMAN. That is to say you didn't know you were promoting a coup.

Mr. MEYER. I didn't know.

The CHAIRMAN. And you were then Assistant Secretary for Latin American Affairs.

Mr. MEYER. Yes.

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

[A brief recess was taken.]

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

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

Mr. MEYER. [Nods in the affirmative.]

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

Now, quite apart from whether you believe that to be proper policy, how could you describe to the subcommittee such a policy as being one of absolute correctness, accepting Chilean decisions as Chilean, and standing at arms length, so to speak, from this new regime? I mean, really, how does that description in any way correspond to what you knew we were doing, even if you didn't know that the President actually instructed the CIA to attempt to secure a CIA overthrow of the Allende regime?

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

The CHAIRMAN. That part is clear. The other part of my question—

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

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

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

Mr. MEYER. This way, and I will take shared responsibility for a banker of last resort, which may be specious, in my overview, in two areas, which are the fourth estate and the political plurality in which Chile has prided itself on as the unique quality of Chilean democracy in this hemisphere. I was fully supporting, Senator Church, and I did not feel that it was in any way other than a Chilean posture. We did not, or at least to my knowledge, say to so-and-so, who we found somewhere in the woodwork, here's a lot of money, do something.

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

The CHAIRMAN. No; but you supported them financially and you made contributions.

Mr. MEYER. Yes, sir.

The CHAIRMAN. How does that—don't you think you were misleading the subcommittee? You were under oath.

Mr. MEYER. No, sir, I don't.

The CHAIRMAN. You don't think you were? Why?

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

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

The CHAIRMAN. Yes, sir, but you are defending the policy. The point of my question is that you did not really relate to the subcommittee the facts of the policy. You described it in a way that could not possibly have led any member of the subcommittee to even suspect so

widespread and penetrating an American involvement in the political process of Chile.

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

Mr. MEYER. Well, I don't know where those figures come from, No. 1. I mean, I just don't know.

The CHAIRMAN. I can assure you of their accuracy.

Mr. MEYER. Well, I am sure I would never have access to them in terms of dollars, if that is important. What I am trying to say, and I feel this very strongly, is that I take responsibility for, or certainly share responsibility for, what I felt was not an improper intervention in Chilean affairs, possibly not cool by your definition, or correct. When the fourth estate said to the Government of the United State, *sui generis*, not solicited, we are going to go out of business, can you help—

The CHAIRMAN. Well, I am afraid that your answer still seems to me nonresponsive.

Mr. MEYER. Well, let me—I've known you too long to be cute, and also, I don't believe I could get away with it.

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

Now, that may be dirty pool, but that was the point to which I was testifying, and as I say now, I take shared responsibility for the support of the fourth estate in Chile. I had been subjectively convinced over the years, watching the demise of Goar Maestre in Cuba and the periodic demise of the Gamza Paz family in Argentina, and the Belt-ran family in Peru, to feel that it should not be considered to be interventionist to enable a newspaper to publish.

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

Mr. MEYER. Is the support of the press a covert operation, a destabilizing nature?

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

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

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

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

What restriction do you place upon covert operations in the future? What is your distinction between a benign or a proper secret intervention in the affairs of a foreign country, and one that is improper and malignant?

Mr. DUNGAN. I was dying to get into that last discussion. If I may preface my comment in answer to your question, there are a whole range of activities in which the United States engages, from traditional diplomatic conversations on a political level, USIA, AID, the Export-Import Bank—all of those activities, I submit, are interventionist. I think, without trying to speak for my colleague Mr. Meyer, what he was saying was that some of those covert activities of which he had knowledge and I had knowledge when I was ambassador, were benign.

Now, I think you are driving to the point. I believe they should be overt. Most of the activities in the period I was there, with the exception of the involvement in the political processes, that is, support of parties or candidates, I would say are permissible and should be overt. I can conceive of circumstances where they might be done covertly, but only under a system of controls outside the agency which is the operational agency involved. In other words, according to your report, about a quarter of the covert operations, in terms of dollar value, were approved by the 40 Committee. I don't consider the 40 Committee a very adequate control mechanism, but even assuming that it was, I would say 100 percent of them should have been under the control of that interagency group, and not left to the discretion of the Agency, complete with its biases, its weaknesses in terms of people.

The CHAIRMAN. Well, Mr. Dungan, we think that is so wrong for foreign citizens, let alone foreign governments, to make contributions to our political candidates and our political parties that we outlawed it. Does a different standard apply to us than we apply to others?

Mr. DUNGAN. I believe, as you are suggesting, that the same standards should apply and that is why I suggested in my testimony that anything that is criminal in the United States ought to be precluded, except under extraordinary circumstances, abroad. That should be a self-denying ordinance that we should adopt. There may be other things that you would want to throw in that were not included under our criminal law, but that's not a bad start.

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

Mr. DUNGAN. Clearly malignant, clearly malignant, if that were the case.

Mr. KORRY. Excuse me, sir. There was no government at that time.

The CHAIRMAN. Whether or not there was a government, there was an election which was to be followed by a ratification by the Congress that was fully in accord with the customs of Chile. The attempt was to obtain the intervention of the Chilean military to take over the Government.

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

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

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

There's an important point, though, if I may, on that question. I think a question that this committee really ought to look at is where did the initiative come from for most of the political activities or the interventions which I think you would say were malignant, and I would tend to agree with you. I think that was an important thing for you to investigate and you have, I think, to some extent. But the point I am driving home, or trying to drive home here, is that the shift for political judgments in the international sphere from President and the Department of State to the Central Intelligence Agency, particularly that part of it concerned with covert action, has been dramatic since the Second World War, and I would say in the last two decades. That is, to me an unconstitutional shift, or shift away from our constitutional form, and we'd better jolly well get back to it. I would say that's probably the most significant underlying general characteristic that your investigation should uncover.

The CHAIRMAN. Senator Tower?

Senator TOWER. Mr. Chairman, you and I have agreed on a number of things. I think that in the area of foreign policy we may have some disagreement. I'm not a member of the Foreign Relations Committee. I'm a member of the Armed Services Committee, and I assume our mentality is somewhat different, but it would strike me as being a naive course for us to follow where there is in existence in a country less sophisticated and less developed than our own, a clandestine political infrastructure directed by interests hostile to the United States and charged with the objective of ultimately destroying pluralistic democracy and establishing a dictatorship: I think that we would not be very cool and correct if we did not act, not only in our interests, but to do what we can to preserve some sort of climate in that country in which democracy and democratic concepts and experience in self-government could develop.

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

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

The fact of the matter is that had it not been for clandestine activity on the part of the United States in many parts of this world, far more of it would be under Communist totalitarianism than is the case now, and the fact of the matter is that should Chile have remained Communist—and I do not express either approval or disapproval at this point—indeed, I register disapproval with some aspects of it, the fact remains that had the Communists been successful, and our own staff report indicates that Allende was moving in the direction, although he had some obstacles, of reducing freedom of the press, freedom of expression, it could be expected that he would have moved much more quickly had he been elected by a majority. The fact of the matter was he was elected by 36 percent of the people in Chile.

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

I have no questions.

The CHAIRMAN. Thank you very much, Senator. I would only observe that I made a speech on the subject today I'd like you to read.

Senator TOWER. I will read it.

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

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

Senator TOWER. So was Harry Truman.

The CHAIRMAN. That's right. We've had men who were plurality presidents who we thought were legitimate enough under the law.

Senator TOWER. But none so low as 36 percent.

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

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

The CHAIRMAN. Senator Schweiker, do you have a question?

Senator SCHWEIKER. Yes, sir, Mr. Chairman. I would like to ask Ambassador Korry: What positions of influence did Mr. Edwards hold in Chile while you were there?

Mr. KORRY. Until the election of Allende—he left right after the election of Allende, I think a week after, I'm sure your staff has the exact date, and he was out of the country most of the time in my 3 years there—he was the proprietor of—it's quite a list—first, El Mercurio newspaper, which is published in eight cities in the morning—has afternoon newspapers. He was probably the chief stockholder in the Lord Cochran Press. He and Lever Brothers were partners. He and Pepsi-Cola were partners. He and—he had the largest granary, he has

the largest chicken farm. It was the best, I don't know if it was the largest. I'm sure I'm leaving out quite a bit. He and his family, if I'm correct.

Senator SCHWEIKER. What was the relationship with the Pepsi-Cola Co., and was he ever international vice president?

Mr. KORRY. After he left Chile.

Senator SCHWEIKER. Had he previously had a relationship with them?

Mr. KORRY. He was their bottler.

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

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

Now, you people vote laws, and you expect the bureaucrats who represent you to carry out those laws, and what you specifically voted for, and if you would like I will give you the citations, was to keep Allende out of power. If you look up the AID, AID justifications for 1963, 1964, 1965, 1966, you will see that there was a specific instruction. Now, when I went there in 1967, my predecessor, Mr. Dungan, had left, but the money, as you know, flows long after the votes.

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

Now—

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

Now you're saying that because we had that investment of dollars, we set the policy in Chile. That's what you're telling us. That's exactly what you're telling us.

Mr. KORRY. No, I'm not.

Senator SCHWEIKER. And that's where the whole system is wrong.

Mr. KORRY. Well, excuse me. I want to say exactly what I mean. I am talking about AID loans, Export-Import Bank loans for more than \$1 billion, and those loans were given specifically—I have been informed that the AID briefed the relevant committees of this Congress specifically to stop Allende in 1963 and 1964. That was the specific explanation given to the committees. I'm not going to get into the names.

Senator SCHWEIKER. Not by kidnapping Gen. Rene Schneider can we stop them.

Mr. KORRY. I had nothing to do with that.

Senator SCHWEIKER. And not by buying the Chilean Congress should we stop them.

Mr. KORRY. We didn't do either of those things.

Senator SCHWEIKER. You certainly tried.

Mr. KORRY. I certainly did not.

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

Senator SCHWEIKER. Ambassador Korry mentioned the public investment. He didn't mention the private investment: ITT, Anaconda, Kennecott, Pepsi-Cola. You didn't go in that direction at all?

Mr. KORRY. Well, as I testified in front of Senator Church in 1973, it was not they who I was concerned with, as that cable you will see and if you dig out the cable I wrote following my initiative to get the Chilean nationalization of Anaconda in 1969. It was the U.S. guarantee, the taxpayers' guarantee of that investment that was passed by the Congress.

Now, let me just add one other thing, if I may. In 1966 I was brought home by President Johnson to write a new policy for Africa, and again in 1969 I was brought home by the executive branch to do a preliminary study on a new foreign aid policy. Now, in the 1966 report on Africa, which bears my name, I proposed that at least for internal accounting within the U.S. Government, that when we spend money that had really political premise, be it an Export-Import Bank loan or an AID loan or military assistance, that for internal purposes it should be put on the side of the ledger that says this is political in intent, and on the other side of the ledger you say this is truly development, because sir, if you don't do those two things, people are not going to understand what you are doing with development money when it's really used for political money.

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

Senator SCHWEIKER. Well, I would like to respond to that and also to Mr. Dungan's question, which I think was a very salient question. Where did the initiatives come from for intervention? I think it's all very much related, and I would just like to read from Mr. Helms' testimony from our assassination report on where the initiative came from and see where this is involved.

Mr. Helms says, and I quote, "I recall that prior to this meeting with the President the editor of El Mercurio had come to Washington and I had been asked to go and to talk to him at one of the hotels here, this having been arranged through Don Kendall of the Pepsi-Cola Co., the head of the Pepsi-Cola Co. I have this impression, that the President called this meeting where I had my handwritten notes because of Edwards' presence in Washington and what he heard from Kendall about what Edwards was saying about conditions in Chile, and what was happening there."

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

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

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

Senator SCHWEIKER. I'm not surprised.

Mr. KORRY. But not what you're talking about. I said there are two things that count in this world as far as the United States, and I said these things as a Kennedy appointee, as a Johnson appointee. I said, and I have all my life been in two fields of endeavor. One, newspapers, which included labor organizing. I helped to negotiate the first \$100 a week contract in the American Newspaper Guild's history. Now, at United Press, in 1947. and I said that if I am sitting there and I know beyond the shadow of a doubt in my mind—you can say you don't know what the hell you're looking at, you don't understand, but if I know beyond a shadow of a doubt, having had more than 20 years experience in the newspaper business all over this world, and having negotiated the first agreements with Tito, if I say that these two things are going to be eliminated, freedom of press and the freedom of association because we have penetrated the Communist Party so totally we know exactly what they are doing, we've penetrated the Socialist Party, we know exactly what they are doing. I say to myself, I have a terrible moral dilemma. Do I in the first instance sit there idly and say, well, that's all right.

Now, this gets more and more complicated because there are people who say it's only 8 or 9 or 10 million people. If I accepted that argument, and I do not, then I would say Israel is only 1 or 2 or 3 million, what the hell do we care about. That is not the point. It's not a matter of dimension, it's a matter of quality. And in 1969 I had a ringding fight with Mr. Meyer and the Nixon administration when they came in because they said that we should not continue aid to Chile, and the reasons that they used, in large measure, came from a national intelligence estimate at the end of 1968 which said that if you concentrate on social progress, that's bad.

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

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

Now, Chile was the most democratic country in Latin America, the most liberally oriented in terms of social legislation. It had carried out more reforms than any other country in the hemisphere under Ambassador Dungan and in my time, and the real issue was do you con-

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

Senator SCHWEIKER. Well, I just want to close with two points. First, I think the most ridiculous argument I've heard in these hearings this year is to say that because we voted for the Alliance for Progress, that this is a covert action trigger.

Mr. KORRY. I didn't say that.

Senator SCHWEIKER. It was wrong for the executive to follow Congress' action up and to do just about everything under the sun to see that the Alliance for Progress doesn't fail or we get our money back.

Second, I think your actions in Chile have proved the Communists right. The Communists argue that we capitalists will never give Communists a chance to get elected through democratic means, and Socialists can never succeed in our kind of government because we would never let them. I never believed it and I didn't believe it until we come up here and say in essence that we'll overthrow the government, even if the chief of staff gets killed in the process, even if we have to buy all the newspapers, we'll stop them coming to power. We have proved Castro and the Communists right by our inept and stupid blundering in Chile, and that's my opinion. I have no more questions.

[General applause.]

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

The CHAIRMAN. I think they were intended for the Senator to express his opinion to the other members of the committee. I think we should go on.

Senator TOWER. Mr. Chairman. I think the audience should be instructed to—

The CHAIRMAN. I meant by the gavel to admonish the audience, please, to refrain from demonstration.

Senator Mondale?

Senator MONDALE. Thank you, Mr. Chairman. I would like to limit my questions to Mr. Dungan, if I might.

Mr. Dungan, in your statement you say that we must remember that many of these excesses which occurred in the past have transpired under imprecise congressional mandates, haphazard congressional oversight, and with moneys provided by the Congress. I believe everyone on this committee agrees that these are a part of the problem that we must focus upon.

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

Mr. HELMS. No, sir.

Senator SYMINGTON. Do you have any money passed to the opponents of Allende?

Mr. HELMS. No, sir.

Senator Church asked Mr. Helms if the CIA attempted at any time to prevent Mr. Allende from being elected President of Chile in 1970, and Helms said no.

We have a document here which states directly that the public was to be told that our relationship with Chile during this period was one of cool correctness. But in fact, the same document goes on, we're going to put the squeeze on them and starve them to death by every manner and conceivable way to just strangle them through cutting off loans,

grants, and Export-Import loans, every way we can get to them. We were going to bring Allende down.

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

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

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

Mr. DUNGAN. I certainly do.

Senator MONDALE. Do you agree that the record reflects that that was missing to a grievous extent?

Mr. DUNGAN. Yes; I think so.

Senator MONDALE. Would you agree that there has been a tendency in the Executive over the years, when they talked of accounting to and informing the Congress, to pursue what you call the buddy system?

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

Mr. DUNGAN. Yes.

Senator MONDALE. So if the thing becomes known later on, you say, "Well, I told John over a cocktail about all this stuff and so I informed the Congress." I think one of the big problems we've got is that for all of the inadequacies of the Congress during this period, and I believe there were many, fundamentally the Executive did not want the Congress to know about this dirty work going on in Chile. Would you agree with that?

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

Senator MONDALE. They play guess-the-question with you.

Mr. DUNGAN. That's right.

Senator MONDALE. How do you ask questions about something you don't know about?

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

Senator MONDALE. Well, if it didn't happen today, that's the first time, and we've got to stop playing guess-the-right-question with the executive. They've got to start telling us what they're doing.

Mr. DUNGAN. Well, if I may say so, Senator, and I don't mean in any way—I think there are deficiencies on either side, and there are fundamental deficiencies among individuals in the Congress and in the executive branch, obviously.

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

Senator MONDALE. I think there's a lot of validity to that.

The final question I have is, while you were in this position, did you feel that the CIA and the others involved in these policies ever seriously and adequately considered the side effects, the long-term repercussions of these matters?

MR. DUNGAN. Certainly individuals I think within the Agency were sensitive and intelligent and did, I think one of the fundamental things that has not come out, I think, anywhere in the record that I was aware of, or in this discussion today, it is an ideological bias within the CIA, which is a hangover from the cold war. I do not put myself in any category as soft on communism, a détenteist or whatever else, but I think it is important to recognize that most people within the Agency believe that anything that aids Soviet communism is the ultimate enemy of the United States—anything—and is reprehensible and ought to be gotten at by—

SENATOR MONDALE. Yes; and would you not agree that because of that attitude, they pursued tactics that have helped the Communists far more than if they had just looked at the broader picture? Surely—well, I see Mr. Meyer shaking his head.

Let me say what was said to Mr. Kissinger. This is what they said was the danger of the policy, which he chose to disregard. He said that the biggest danger is exposure of U.S. involvement. This would wreck our credibility, solidify anti-U.S. sentiment in Chile in a permanent way, create an adverse reaction in the rest of Latin America and the world, and perhaps domestically. Exposure of U.S. involvement with an effort that would fail would be disastrous. It would be this administration's Bay of Pigs. I suggest that he should have read that, and he wouldn't be in a position where he has to try to excuse himself from appearing here personally and answering these questions.

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

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

Then I asked him, "What was your estimate of the chances of success?"

He said, "At best, 2 out of 20." So he went ahead with a policy that the people in the station thought was crazy. We disregarded the side effects. We thought we could keep it a secret from the American people, despite the fact that if it were known, it would be tremendously dangerous.

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

MR. DUNGAN. Well, I think there are a number of ways, some of which I suggested in my testimony, and I don't want to go over it.

I would like to make one point though. On the adverse side effects, getting back to the point that Senator Church was making, when

one involves oneself in artificial support of any free institution, political party, the press or whatever else, you weaken it. You weaken it. You provide support for something that then becomes dependent on that external support, and really in the long pull, if you look at it philosophically, I mean, you could take the Republican or the Democratic Party, and maybe the way to destroy either one of them would be to put them on the bag.

Senator MONDALE. Amen.

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

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

When I read these documents, I very rarely see expression of any concern of this kind in these matters.

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

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

Mr. SCHWARZ. Mr. Cyrus Vance, Mr. Clark Clifford, Mr. Morton Halperin, and Mr. David Phillips from CIA.

Senator TOWER. Thank you very much.

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

The committee is recessed until 10 o'clock tomorrow morning.

[Whereupon, at 6:05 p.m., the committee recessed, to reconvene at 10 a.m., Friday, December 5, 1975.]