

O What a Tangled Web the CIA Wove

Cost Likely To Rise High Into Millions

This is How the Money Goes Round

By Richard Harwood

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IN 1947, THE YEAR the Central Intelligence Agency was born, a brawling Corsican from the docks of Marseilles was recruited to perform a service for the Western Allies.

His name was Ferri Pisanì. His task was to see to it, by whatever means seemed appropriate, that Communists among the longshoremen of Marseilles would not impede the unloading of Marshall Plan cargoes in France.

Pisanì did the job and got rich in the process. His CIA retainer was \$250,000 in cash. It was refreshed from time to time in the years that followed and Pisanì's stature in the rough private world in which he moved increased accordingly. He became a symbol of the power that private men and private organizations often wield in the intricate game of international affairs.

It was evident to the CIA from the moment it commenced operations that men like Pisanì and organizations like the trade union movement had an immensely important role to play in what President Kennedy was to call "the long twilight struggle" between the adversaries in the cold war.

A Direct Approach

IT WAS NOT enough for the United States to arm its allies, to strengthen governmental institutions, or to finance the industrial establishment through economic and military programs. Intellectuals, students, educators, trade unionists, journalists and professional men had to be reached directly through their private concerns.

Operating from that premise, the CIA began in the late 1940s and early 1950s a vast program that was to involve not only such men as Pisanì but most of the major private institutions in American life. The extent of that involvement and the subterfuges that were used to bring it about are now being dimly grasped as a result of the revelations of the past two weeks.

What is known to the press and the public now is still far less than what is not known, which is to say it is likely that the surface has been barely scratched. But certain basic facts seem clear enough.

The first is that many millions of dollars of public money have been used by the CIA, with no public accounting, to influence the political and ideological posture of private groups throughout the world, including many within the United States. How much money is involved is such a tightly held secret that the President of the United States, as of last week, apparently had no inkling of the answer. Only about \$15 million has been traced, but unsubstantiated rumors place the true figure in the hundreds of millions.

Top-Level Decision

THE SECOND self-evident fact is that the decision to fight the cold war covertly through private groups was no whimsical, unilateral decision by the men who have run the CIA for the past 20 years. As Under Secretary of State Nicholas Katzenbach reported to the President last week:

"When the Central Intelligence Agency lent financial support to the work of certain American private organizations, it did not act on its own initiative but in accordance with national policies established by the National Security Council in 1952 through 1954. Throughout, it acted with the approval of senior interdepartmental committees, including the Secretaries of State and Defense or their representatives."

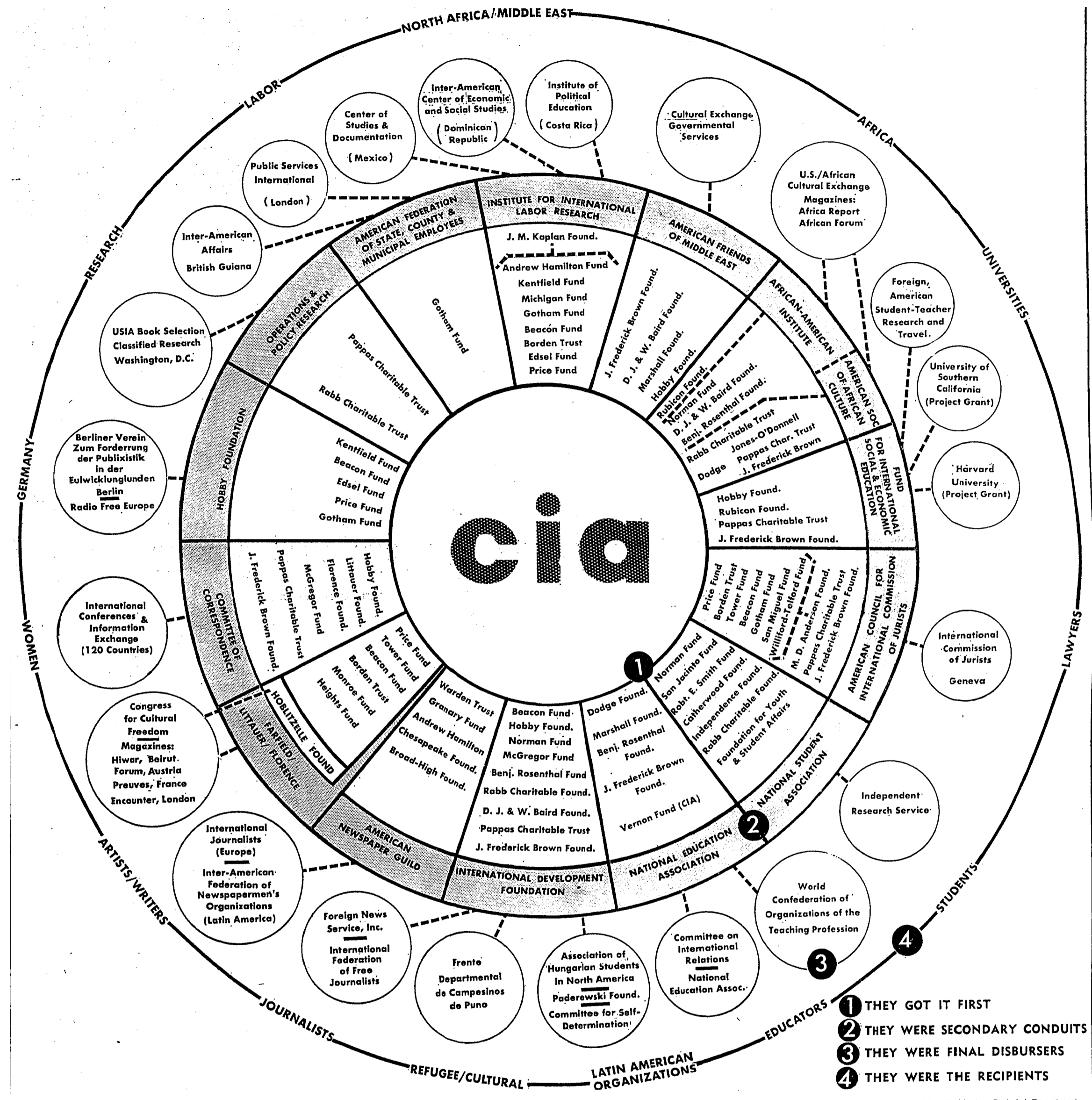
The agency also acted with the full knowledge and consent of the congressional committees created to oversee its operations. Its activities, in short, were the public policy, never publicly announced, of the Government of the United States.

It was a policy, moreover, that had the overt approval and collaboration of what Richard Rovere has described as the American Establishment, that loose coalition of lawyers, industrialists and financiers who are thought, rightly or wrongly, subtly to guide the course of public affairs in the United States.

A Business Connection

ALLEN DULLES, who ran the CIA in the 1950s, was a product of the New York law firm of Sullivan & Cromwell, which has always epitomized the Establishment. While he was in charge at the Agency, his business and legal conferees were used extensively to enable the CIA to achieve its secret purposes.

The Wall Street investment firm of Wood, Struthers & Winthrop provided "cover" for at least one CIA agent, Hans Tofte, by issuing him credentials as an employee of the firm. Samuel



To provide secret Government funds to private persons and organizations, the CIA gave its money directly to a number of foundations. They are the names in the first band of the chart. Some were largely occupied with other work;

some were mainly CIA conduits. These foundations, in turn, gave the money to other private organizations. They are the names in the shaded band. One step away from the source of the money, they could rarely be identified as

part of the CIA pipeline. They passed the secret funds along to specific CIA-approved groups, organizations, study projects. Those are named in the last set of circles. Their job was to parcel out the money to individuals.

- 1 THEY GOT IT FIRST
- 2 THEY WERE SECONDARY CONDUITS
- 3 THEY WERE FINAL DISBURSERS
- 4 THEY WERE THE RECIPIENTS

Hadley of the prestigious New York law firm of Milbank, Tweed, Hadley, and McCloy allowed his family's Rubicon Foundation to be used as a conduit for CIA funds.

Hadley, as an incidental footnote, has served for some time as chairman of the Carnegie Corp. One of Hadley's partners, John J. McCloy, has spent much of his adult life as a Government official and consultant and is representing the Administration in negotiations with the NATO allies over the size of the American troop commitment to Europe.

Eli Whitney Debevoise of the equally distinguished law firm of Debevoise, Plimpton, Lyons & Gates is one of the principal figures in the American Council for the International Commission of Jurists. The Council's major function has been to funnel CIA money into the International Commission. The Plimpton in the firm of Debevoise et al. is Francis T. P. Plimpton, former deputy chief of the U.S. Mission to the United Nations.

Among Plimpton's outside interests has been the Foundation for Youth and Student Affairs, which he has served as a director along with Arthur A.

Houghton Jr. of the Corning Glass family, the Rockefeller Foundation, the Fund for the Advancement of Education, the United States Steel Foundation and the General Education Board.

For more than 13 years, FYSA has been the principal CIA conduit for subsidies to the American college student movement and its numerous overseas affiliates.

A Bundy on List

THE LIST of Establishmentarians involved with the CIA in its penetration of private institutions is lengthy and includes such other figures as Robert J. Manning, editor of the Atlantic Monthly, and McGeorge Bundy, who has had experience both inside and outside the Government. As a foreign policy adviser to Presidents Kennedy and Johnson, Bundy in effect supervised the CIA operation. Today he is president of the Ford Foundation.

The conscious involvement of private Americans in the clandestine operations of the agency was not, of course, limited to the cozy confines of the Boston-New York law firms, foundations and financial houses. The Texas Establishment was equally involved.

The oil baron John W. Mecom was one of the original incorporators of the

San Jacinto Fund, one of many dummy foundations set up by the CIA to conceal the source of the funds it was distributing. The private foundation set up by Oveta Culp Hobby and her family was a conduit for CIA money. Her background includes service in the Eisenhower Administration as Secretary of Health, Education and Welfare. The Republic National Bank of Dallas was trustee for another conduit and officers of the bank headed still another foundation handling hundreds of thousands of dollars in what is called "black money" in spy circles.

Expunging the Taint

ALL OF THESE distinguished Americans served the CIA in two ways. They made it possible for the agency to penetrate financially the structure of private institutions here and abroad without public knowledge of what was going on. And they made it possible for the beneficiaries of this secret money to accept it without suspicion of taint.

This secrecy was vital to the purposes of the CIA. The international influence of private groups in the United States has always been based on the assumption that American citizens are independent agents, free of Government control and manipulation. It is for that

reason that their credibility abroad has been so high.

A State Department official illustrated the point last week. It was impossible, he said, to get certain intellectual leaders in India to accept travel grants from the United States Government. They feared that they would be inhibited and even discredited at home by accepting subsidies from that source. But they were willing to be subsidized by private American foundations on the assumption that they could still feel and behave like free men.

To deal with this problem, CIA money was put into private foundations to finance the travel of the Indians.

Awareness a Question

IN MOST CASES that have been uncovered thus far, the foundations which served as CIA conduits for these purposes were fully aware of what they were doing. In the case of the ultimate recipients of the money, the facts are more ambiguous. Some of them, such as the National Education Association and leaders of the National Student Association, had no illusions about the source of their funds.

Waldemar A. Nielson of the African-American Institute was also in that category. He was quite aware, he said

last week, that the CIA was subsidizing the Institute from 1953 until 1961 and he was conscious of "the inherent imprudence and impropriety" of the arrangement.

But once it began, said Nielson, the Institute became "like a drunk taking the first drink . . . It is easy to over-indulge." At the time the Institute's ties with the agency were severed, it was getting half of its budget from the CIA.

In other organizations, the level of knowledge was uncertain at best. Officers of the American Newspaper Guild continue to insist that they had no idea the CIA was the source of more than \$1 million spent on the Guild's overseas programs in recent years. George A. Truitt, president of the International Development Foundation, one of the more open CIA front groups, professed shock last week upon learning of the agency connection.

But Atlantic editor Manning, an Assistant Secretary of State in the Kennedy Administration, was under no illusions during his short term as an IDP director.

"I was too good a reporter not to see that (CIA connection)," he said last week. "I wasn't 'victimized' in any way. Nobody tried to fool me. As soon as I

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inquired, I got straight answers to my questions."

On balance, it seems likely that few people involved in the worldwide operations of the CIA were victimized. Presidents, Establishmentarians, students and most other beneficiaries of the CIA's millions were like Manning. They saw the connection.

The more pertinent question has to do with the balance sheet for the undertaking. What was gained or lost?

The Administration thus far has avoided the question and there is no reason to suppose any audit will ever

be issued. The CIA, as they say, is "unvouchered."

Allen Dulles claimed last week that "we obtained what we wanted" in terms of counterpropaganda and intelligence. In the case of Ferri Pisani, the return was tangible.

In the case of the NEA, the American Newspaper Guild and the National Student Association, things are not so clear. They may have supplied intelligence. They may have been effective propagandists for democracy. But they were effective only so long as they appeared to be truly private agencies untied to any agency of the United States

Government. In the ideological conflicts that lie ahead in Africa, Asia and Latin America, the role these institutions will play is wholly uncertain now.

Students, teachers, unionists and others have engaged in an orgy of self-analysis in the past two weeks and have come to the conclusion that their credibility as free and unofficial spokesmen for the American people has been seriously compromised if not destroyed.

What they fear was expressed in an editorial in a Tokyo newspaper last week: "It is not pleasant to know that this or that American visitor traveling abroad might be a secret espionage agent." ...