

# U.S. Eying Cutback in Aid to Chile

## Extradition Refusal In Letelier Case Prompts Sanctions

By John M. Goshko  
and Timothy S. Robinson  
Washington Post Staff Writers

Secretary of State Cyrus R. Vance tentatively has decided to cut off U.S. aid to Chile and to recall part of the U.S. embassy staff there in retaliation for Chile's refusal to extradite three former police officers under U.S. indictment for the 1976 murder here of Orlando Letelier.

Reliable sources said yesterday that Vance's decision involves most of the retaliatory measures that the U.S. government could apply against Chile short of breaking diplomatic relations.

But they did not go as far as some of the steps advocated by the Justice Department and even some officials of Vance's State Department, the sources noted.

The sources said the decision, made this week after a heated debate within the Carter administration, is still under discussion and could, in its final form, include the even tougher step of attempting to inhibit private U.S. banks and businesses from making loans or investments in Chile.

Such a move could put considerable pressure on the military regime of President Augusto Pinochet, which relies heavily on U.S. private loans to shore up the Chilean economy. By contrast, U.S. governmental aid to Chile is very small, and its withdrawal would have mainly symbolic significance.

However, the sources said, it presently appears that Vance will decide against such a step, which would involve denying any official help to U.S. firms doing business in Chile, and leave any possible action in that area to the consideration of Congress.

Also still unclear, the sources added, is the size of the cuts that would be made in the embassy staff and whether it would mean withdrawing all U.S. military personnel in Chile or leaving a token military presence there.

# Aid Cut Possible Over Chile's Refusal To Extradite 3 Letelier Case Figures

CUTOFF, From A1

But, the sources said, it seems certain that the United States will end all remaining economic and military aid in the pipeline except that aid which serves a clearly humanitarian purpose. They said an inventory is now under way to determine precisely how much aid is due to Chile under prior agreements.

In addition, the sources said, the measures to be ordered by Vance will include a freeze on future direct U.S. aid, efforts to block aid extended to Chile through multinational lending institutions, suspension of all Export-Import Bank credits and Overseas Private Investment Corp. guarantees to Chile and denial of visas to Chilean military and intelligence personnel.

However, the sources said, although cuts will be made in the embassy staff, U.S. Ambassador George W. Landau, who was recalled after the Chilean Supreme Court refused the extradition request on Oct. 1, is tentatively slated to return to Santiago next week.

The sources said the measures are expected to be announced around the time of Landau's return and that Vance wants him in Santiago to personally underscore to the Pinochet government their intent. Whether Landau will remain in Chile or be re-

called later is still under discussion, the sources said.

At issue is Chile's refusal to send here for trial in U.S. District Court the three Chilean officers — Gen. Juan Manuel Contreras Sepulveda, former head of Chile's secret police; Col. Pedro Espinoza and Capt. Armando Fernandez Larios — implicated by evidence presented to a federal grand jury in the planning of the Letelier murder.

Letelier, a former defense and foreign minister in the Marxist government of Salvador Allende, and Ronni Moffitt, an American associate, were killed on Sept. 21, 1976, when the car in which they were riding was blown up in Washington's embassy row area.

Most of the evidence against the three Chileans was given by Michael Townley, an American citizen and Letelier's admitted assassin. Townley confessed that he was working for Contreras and Espinoza and was aided by Fernandez.

Chile's refusal to extradite the three touched off an internal administration debate that the sources said saw the Justice Department and some bureaus of the State Department, particularly those dealing with human rights and legal affairs, urging Vance to take very strong measures.

However, the sources said, they were opposed by State's Bureau of Inter-American affairs, which reportedly argued for a softer line on the grounds that Washington had few effective weapons available and that even their use could cause complications in U.S.-Latin American relations.

Vance's decision was partly influenced, the sources said, by the energetic intervention of liberal members of Congress, including Sen. Edward M. Kennedy (D-Mass.), Sen. Frank Church (D-Idaho) and Rep. Tom Harkin (D-Iowa). The sources said Kennedy played a particularly active role in convincing Vance that it was necessary to adopt a get-tough stance.