In a footnote to an unusual chapter of the cold war, Canada has agreed to compensate victims of psychiatric experiments carried out mainly in the 1950’s and financed in part by the Central Intelligence Agency.

The experiments began after some prisoners returned from the Korean War brainwashed, and Western intelligence agencies began studies and experiments on the nature and possibility of mind control.

An institute at McGill University in Montreal, headed by Dr. D. Ewen Cameron, a psychiatrist who died in 1977, was one of the centers where such experiments were carried out.

Now, the Canadian Government says the 80 or so patients who underwent the so-called "psychic driving" treatment in Montreal, intended to wipe the brain clear of all trauma, can receive almost $80,000 each.

The decision, which was announced on Tuesday, represents an about-face for the Government of Prime Minister Brian Mulroney. Seven years ago, when the matter came up after a number of suits were filed by victims, Ottawa refused to pay compensation. U.S. Already Made Payments

"I believe that this financial assistance responds in a way that expresses the fairness and compassion Canadians expect from their Government," Justice Minister Kim Campbell said in announcing the decision.

One reason for the change was that the United States has already settled with some of the Canadian victims. Another, lawyers said, was that many of the suits filed early in the 1980’s were still open and promised evidence that could embarrass a Government gearing up for elections.

The patients at the Allan Memorial Institute at McGill were put into a drugged sleep for weeks or months, subjected to electroshock therapy until they were "de-patterned," knowing neither who or where they were, and forced to listen repeatedly to recorded messages broadcast from speakers on the wall or under their pillows.

Linda Macdonald, 55 years old, an employment counselor now in Vancouver, is one of those who sued for compensation. "I walked through those doors with a husband on one arm and a guitar on the other and was a healthy person and coherent," she said.

Diagnosed as an acute schizophrenic -- she had gone to Dr. Cameron for treatment -- she spent 86 days in the "sleep room" and was subjected to 109 shock treatments and megadoses of barbiturates and other drugs. Reduced to a Blank Slate

When she got out of the experiment, she could not read or write, had to be toilet-trained and could not remember her husband, her five children or any part of the first 26 years of her life.

Reached in Los Angeles, where she is discussing a film on her life, she said the compensation "is minimal and won't go very far, but that wasn't my purpose in my suit against the Government."

"It was to make sure that Canadians understood that such a thing happened in their country and to get the Government to take responsibility so that it won't happen again," she said.

David Orlikow, a retired member of Parliament, whose now-deceased wife, Velma, was another subject, said she emerged from the treatment "really a disabled person, not physically but emotionally."

"There were days when she would do nothing and then be subject to unexplainable rages," Mr. Orlikow recalled. "She was a very intelligent person, but her ability to read was destroyed."

Mr. Orlikow initiated litigation in the United States against the C.I.A., recruiting the civil liberties lawyer Joseph L. Rauh to take his wife's case.

In October, 1988, the Justice Department announced an out-of-court settlement with Velma Orlikow and eight other victims, a total of $750,000. Ms. Macdonald was not among the nine. The C.I.A. had cut off financing of the program at the time of her treatment.

John Hedley, a C.I.A. spokesman, commented: "It's a sad episode that happened more than 30 years ago, and the case is closed." Noting the 1988 settlement, he said the agency had "nothing to add concerning the decision in Canada." American Author's Testimony

John Marks, a former State Department official whose 1979 book, "The Search For the Manchurian Candidate," called attention to the experiments, said that a C.I.A. front called the Society for the Investigation of Human Ecology, funneled more than $60,000 to Dr. Cameron for the studies. Ottawa gave him more than $200,000.

Despite the decision to pay compensation, the Canadian Government has not acknowledged legal responsibility for the experiments. Justice
Minister Campbell said the money was being awarded purely "on compassionate and humanitarian grounds."

At the time of the experiments, Dr. Cameron was trying to find a cure for schizophrenia and other mental illnesses. In the early 1950's, he theorized that people with neurotic thoughts or behavior could be changed by listening to repeated taped messages. He called the technique "psychic driving" and published an account in the American Journal of Psychiatry.

The C.I.A. was attracted to his comparison of psychic driving with techniques of coerced interrogation and brainwashing.

Patients went to see Dr. Cameron voluntarily and didn't realize until much later that they were being used in experiments.

**Correction:** November 20, 1992, Friday Because of an editing error, an article yesterday about an agreement by Canada to compensate victims of psychiatric experiments misstated the year of the death of Dr. D. Ewen Cameron, a psychiatrist at McGill University in Montreal. He died in 1967, not 1977.