

29 MAR 1973

WILLIAM F. BUCKLEY JR.

Chile Had No Right to Steal ITT Property

It is by no means obvious why everyone persists in referring to the election of Allende as a purely "internal" matter. It was never any such thing, and if only Harold Geneen of ITT recognized the character of the Allende victory, why then Harold Geneen is a lot smarter than most of the senators who are interrogating officials from ITT and drinking deep draughts of sanctimony over ITT's offer to contribute \$1 million towards any government-sponsored plan to prevent the installation of Allende as president of Chile.

We are talking about September of 1970. On Sept. 4 Allende won a plurality, which did not automatically entitle him to be named president of Chile. That decision was for the parliament to make, at a scheduled session on Oct. 24. The question is whether ITT had a legitimate interest in adding its pressure to that of others to persuade the parlia-

ment to name someone other than Allende or, better still, to call for a new election.

How can the Chilean outcome be said to have been purely an internal matter? The officers of ITT, having carefully observed the campaign of Salvador Allende and the promises he made, concluded that he would certainly proceed to nationalize the Chilean telephone company. By everyone's reckoning the value of ITT's holdings was \$153 million.

The ITT people were smart enough to anticipate that when Allende got around to nationalizing the telephone company he would offer for it a small fraction of its acknowledged value. That he would, in effect, confiscate the property. In due course, Allende offered \$24 million for the \$153 million asset, proving the ITT officials to have been altogether accurate in their forebodings.

We return to the question: In what sense is it an "internal" matter if A decides to steal the property of B? The fact that A is a country and B is merely a corporation says only that B is going to suffer considerable disadvantages in attempting to cope with A. It hardly says that B ought not attempt to cope with A. ITT did not, as it happens, mount its own operation in Chile, attempting to persuade the parliament not to vote for Allende. It merely offered to contribute to any U.S. enterprise aimed at the same purpose.

To suggest that foreign governments are not involved or should not be involved in wrestling for the favor of the majority in swing countries which are points of contact in the cold war is simply to beg the question: How is it that the Soviet Union and Castro's Cuba were so interested in the election of Allende as to spend millions of dollars and commit entire communications indus-

tries to the end of electing him?

What President Allende finally did to ITT was, very simply, to take over the operation of the telephone company without any compensation whatsoever. Those who are anxious to make any point at the expense of American business who say that ITT got what was coming to it in the light of its proffered intervention make a rather clumsy mistake. It was not until the spring of 1972 that Jack Anderson published the secret memoranda revealing ITT's offer of \$1 million to stop Allende. But it was in September 1971 that Allende simply took over the Chilean telephone company, more or less without comment: a clean theft of \$153 million. I do not believe that anyone who is a shareholder of ITT believes that that act by Dr. Allende is a purely internal affair. There is no internal right of any country to steal the goods of other people.

BALTIMORE SUN

29 MAR 1973

Partial text of CIA agent's testimony on ITT plans for Chile

Washington Bureau of The Sun

Washington—The following are excerpts from the examination of William V. Broc, the chief of the Central Intelligence Agency's Clandestine Services for the Western Hemisphere, on his contacts with the International Telephone and Telegraph Corporation concerning the election of Salvador Allende as president of Chile in 1970.

Mr. Broc was the first CIA agent ever to testify under oath before a congressional committee on operational activities.

Questioned by Church

The questioner quoted is Senator Frank Church (D., Idaho), the chairman of the Senate subcommittee on multinational affairs.

Question—On July 16, 1970, did you meet with Mr. Harold Geneen, the president of the International Telephone and Telegraph Company?

Answer—Yes, sir.

Q.—Did Mr. [Richard] Helms [director of the CIA] advise you that Mr. John McCone, former director of the CIA, had called him and suggested that someone on Mr. Helms's staff meet with Mr. Geneen?

A.—Yes, sir.

Q.—When you met with Mr. Geneen, did Mr. Geneen ask you for a detailed briefing on the political and economic situation in Chile?

A.—Mr. Geneen requested information on the electoral situation, such as the status and potential of the candidates and their parties and the campaign as of that date. That is what we talked about.

Q.—Did Mr. Geneen say to you that he was willing to assemble an election fund for one of the Chilean presidential candidates, Mr. Jorge E. Alessandri?

A.—Yes, he did.

Q.—Did he say that the amount of the fund would be substantial?

A.—He indicated he was considering a substantial fund.

Q.—Did he mention a specific figure?

A.—No, he did not.

Q.—Did he say to you that he wanted the fund controlled and channeled through the CIA?

A.—Yes, he did.

Q.—Did you agree to accept the fund offered by Mr. Geneen?

A.—No, I did not.

Q.—Did you explain to Mr. Geneen why the CIA could not accept such a fund?

A.—Well, I told him we could not absorb the funds and serve as a funding channel. I also told him that the United States

government was not supporting any candidate in the Chilean election.

Q.—During the discussion did Mr. Geneen at any time indicate that the fund that he stood ready to contribute was to be for, or was intended for, constructive use, technical assistance to agriculture, the building of houses, or anything of that character?

A.—No. It was to support Jorge Alessandri.

Q.—It was to support Jorge E. Alessandri, one of the presidential candidates?

A.—Yes, sir.

Q.—In the course of his conversation with you did Mr. Geneen advise you that ITT and other U.S. companies in 1964 had raised an election fund to influence the Chilean presidential election which took place at that time?

A.—Yes. He stated that a group of businessmen had desired to invest in the 1964 election and they had contacted Mr. McCone, who was then the DCI, the director of central intelligence, and who would not accept the fund. He had said, no.

Q.—Did he mention to you that other firms had been involved besides ITT in 1964?

A.—No.

Q.—In September, 1970, did you receive a telephone call from Mr. William Merriam of the Washington office of ITT inviting you to lunch?

A.—Yes.

Q.—Were your superiors in the CIA advised of this and did

A.—They were aware I was meeting with Mr. Merriam.

Q.—Did Mr. Merriam at that luncheon, or any other time, advise you that he was under great pressure from the head office in New York to get something done in connection with the Chilean political situation or words to that effect?

A.—Yes, he did.

Q.—Did you call Mr. Edward Gerrity, the ITT vice president in charge of government operations and public relations, to arrange a meeting with him in his office in New York city?

A.—Yes, sir.

Meeting in New York

Q.—This call, once again, was made under the authority of your superiors?

A.—Yes.

Q.—Did you meet Mr. Gerrity on September 29 or 30th in his office in New York city?

A.—Yes.

Q.—Did you discuss with Mr. Gerrity the feasibility of possible actions by U.S. companies designed to create or accelerate economic instability in Chile?

A.—I explored with Mr. Gerrity the feasibility of possible actions to apply some economic pressure on Chile. Yes, sir.

Q.—What did you understand the purpose of applying economic pressure to be?

A.—Well, at the time, September 29, the Christian Democratic members of Congress were showing indications of swinging their full support to Allende in the belief that they could make a political bargain with him. It was felt if a large number of congressmen, Chris-

tian Democratic congressmen swung their support to him he would take office with a mandate from the majority and he would be in a very strong position.

Worsening situation

At the same time the economic situation had worsened because of the reaction to the Allende election and there were indications that this was worrying the Christian Democratic congressmen. There was a thesis that additional deterioration in the economic situation could influence a number of Christian Democratic congressmen who were planning to vote for Allende. This is what was the thesis.

Q.—Did you discuss with Mr. Gerrity the feasibility of banks not renewing credits or delaying to do so?

A.—Yes, sir.

Q.—Did you discuss with Mr. Gerrity the feasibility of companies dragging their feet in spending money and making deliveries and in shipping spare parts?

A.—Yes, I did.

Q.—Did you discuss with Mr. Gerrity the feasibility of creating pressure on savings and loan institutions in Chile so that they would have to shut their doors, thereby creating stronger pressure?

A.—Yes.

Q.—Did you discuss with Mr. Gerrity the feasibility of withdrawing all technical help and not promising any technical assistance in the future?

A.—Yes, sir.

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ITT-Chile 2nd Lead

WASHINGTON AP - Sen. Frank Church, D-Idaho, said today the secret testimony of a CIA agent discloses that International Telephone and Telegraph Corp. initiated the idea of U.S. intervention to prevent the election of President Salvador Allende in Chile in 1970.

Church, chairman of the Senate foreign relations subcommittee on multinational corporations, related to newsmen the closed-door testimony made Tuesday by William V. Broe, the CIA agent. Church said the transcript would be made public as soon as copies can be prepared.

Church said Broe, who headed the CIA's western hemisphere clandestine operations in 1970, testified that Harold S. Genee, ITT board chairman, offered "a substantial election fund" on July 16, 1970 to support another candidate in the Chile election.

Church said Broe testified that Genee wanted the fund on behalf of Jorge Alessandri to be controlled and channeled through the CIA. Church said there was no reference in the July 16 meeting of Genee and Broe about a constructive purpose such as housing or assistance to agriculture in Chile.

LRL

These comments represent the initial and tentative reaction of the Office of Current Intelligence to the attached item from the news services.

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28 MAR 1973

Agent Tells of Allende Affair

By JEFFREY ANTEVIL

Washington, March 27 (NEWS Bureau)—William V. Broe, the Central Intelligence Agency's onetime spymaster for Latin America, appeared before a congressional committee today to discuss efforts to block the election in 1970 of Salvador Allende, a Marxist, as president of Chile.

Broe, identified by officials of International Telephone & Telegraph Corp. last week as an agent who had met with ITT officials and approved recommendations designed to thwart Allende, testified at a closed ses-



UPI Telephoto

William V. Broe at Senate hearing yesterday.

sion of a Senate Foreign Relations subcommittee which is probing the ITT-Chile affair.

Subcommittee Chairman Frank Church (D-Idaho) said later that he hoped to make Broe's testimony public if CIA Director James R. Schlesinger approves.

Unprecedented Session

Church said Broe's appearance had been "the first time that any agent of the CIA has ever appeared before a committee of Congress to testify as to his activities."

He said the panel had acceded to Schlesinger's request to have the session closed. This, Church said, avoided setting a precedent "that could prove harmful to the national security interests of the United States."

Broe met with ITT's president, Harold S. Green, in July 1970 and received regular reports from ITT officials thereafter. In September 1970, a month before the Chilean congress made Allende's election official, Broe submitted a five-point proposal for ITT and

other U.S. concerns whose investments in Chile faced expropriation. The plan was designed to promote economic chaos there, according to testimony from ITT officials.

ITT, meanwhile, offered to contribute as much as \$1 million for may U.S. government plan to block Allende's election.

But, company officials have testified, Broe's proposal was rejected by ITT. In the absence of an official anti-Allende plan, the \$1 million was never spent, the officials said.

Broe's testimony lasted about

an hour and 15 minutes. Asked later by reporters if he would discuss what he had told the senators, he replied, "Not a chance," then ducked into an elevator.

In another development, an Anaconda Copper vice chairman, William E. Quigley, told the subcommittee today that he had never discussed with ITT proposals to disrupt Chile's economy. This contradicted testimony given last week by an ITT vice president, John Guilfoyle, who said he had talked with Quigley about Broe's five-point proposal.

Ex-embassy silent on ITT, Chile

By GILBERT A. LEWTHWAITE
 Washington Bureau of The Sun

Washington—Edward M. Korry, former United States ambassador to Chile, yesterday refused to disclose the orders he received from Washington during the critical period between the election of Salvador Allende, the Marxist president, and his confirmation by the Chilean Congress.

He also declined to answer questions relating to Central Intelligence Agency activities in Chile during the 1970 election period, although he acknowledged that as ambassador he was responsible for them.

Ironically, Mr. Korry was preceded on the witness stand by William V. Broe, chief of the CIA's covert operations in the Western Hemisphere, who yesterday became the first agent ever to testify under oath before a congressional committee.

Mr. Broe was interrogated behind closed doors by members of the Senate subcommittee on multinational corporations. They are investigating alleged political activity by U.S. business corporations, particularly the International Telephone and Telegraph Corporation, to try to prevent the election of Mr. Allende, who had threatened to nationalize basic industry and communications in Chile.

Mr. Broe, who had contacts with ITT over the Chilean situation, was questioned for more than an hour, and his testimony will be published today—after review by the CIA.

Senator Frank Church (D., Idaho) said: "It's quite a breakthrough really. I think it was very much in the public interest that Mr. Broe was permitted to testify.

"Illuminating"

"One of the cardinal questions has been whether these activities we are discussing were a result of the government's initiative or ITT's initiative. I think we got the an-

swer and other answers that were illuminating."

He declined to go into detail, but after Mr. Broe's testimony members of the panel made the first references to a \$400,000 CIA fund for "covert propaganda" operations in Chile.

Mr. Korry, now president of the Association of American Publishers, said he was aware that an interdepartmental group, known as the 40 committee, which controlled covert CIA operations, had met in June, 1970, in Washington.

"I can't reply"

Asked if he was aware that it had sanctioned "limited intervention" involving the expenditure of \$400,000 for covert propaganda purposes, he said: "Now I'm in an area when I am forced to say I can't reply . . . As far as what you are asking me about, it's the unique obligation of the director of the CIA to respond to."

Asked if he was aware that the CIA conducted its own opinion polls in Chile, he again said: "If it was the CIA which you allege did something, it is the director of the CIA who must reply."

He acknowledged that he did see opinion polls which suggested that Jorge Alessandri, Conservative National party candidate in the election, would win by more than 40 per cent. He said he warned against accepting the polls because they were based on outdated election data.

The closest questioning came on the orders Mr. Korry received from the State Department about U.S. policy and actions in Chile while Dr. Allende's confirmation was pending.

A memorandum from ITT's two representatives in Chile in September, 1970, the critical period, said the State Department had just given Mr. Korry "the green light to move in the name of President Nixon. The message gave him maximum authority to do all possible—short of a Dominican Republic-type action—to keep Allende from taking power."

Mr. Korry said the memo was "totally erroneous," adding: "There was no green light." But he refused to say what his orders were.

He said "I have a deep abiding conviction that it would be morally wrong for me to give you the details of privileged communications be-

tween an embassy and its government. I think this would have a destructive impact for many years to come of the same sort that existed after McCarthyism, when people

would never dare to put on paper anything, would never dare to stick their necks out for an opinion that was not popular."

Mr. Korry said he was personally in sympathy with a political plan to force Dr. Allende into a run-off with the former president, Eduardo Frei but did nothing to support it.

The memo from ITT's representatives in Chile to Edward J. Gerrity, Jr., a corporation senior vice president, said: "He [Korry] has never let up on Frei, to the point of telling him 'to put his pants on.'"

Mr. Korry said he had only one meeting with Mr. Frei during the election period and did not discuss the situation with him. He said he instructed U.S. officials in Chile "to eschew actions that could be considered political."

He said: "The United States gave up support to any electoral candidate." He also said that he ignored requests for funds from three political camps and that the U.S. "maintained total hands off" the Chilean military. There were no contacts, he said, with General Roberto Viaux Marambio, dismissed from the Army in 1969 for leading an insurrection of officers, and considered a likely candidate to attempt a military coup.