

plc 73-04

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29 MAR 1973

MEMORANDUM FOR: Deputy Director for Operations**SUBJECT: ITT/Chile Press Coverage 29 March 1973
and Other Developments**

1. The Washington Post article of 29 March about testimony of Mr. William V. Broe which was released the previous day by the Senate Foreign Relations Subcommittee on Multinational Corporations stressed the fact that Mr. Broe had rejected a July 1970 offer by Mr. Harold S. Geneen for funds to "block the election" of Allende. The New York Times article put emphasis, instead, on the later "different position" of Mr. Broe in September 1970 when he "proposed to the ITT Corporation a series of steps that it and other American companies might take to create enough economic instability in Chile to prevent the election of Dr. Salvador Allende as President."

2. **Comment:** The problem is partially one of understanding that the political situation in Chile changed and became almost a new ball game after Allende won only a plurality (36.2%) of the popular vote on 4 September 1970 so that he still had to get a majority in the congressional vote on 24 October in order to become president. It was still constitutionally possible for the congress to choose the second place candidate, Jorge Alessandri (the so-called Alessandri formula), although the congress had traditionally chosen the candidate with the most popular votes when faced with this problem after no candidate received an absolute majority in the popular elections. Senator Church was invited and attended a briefing of the Senate CIA Subcommittees the afternoon of 13 March 1973 about CIA activities in Chile during 1970. He was told about both the "spoiling operation" before the September elections and the "soundings" which CIA took under 49 Committee authority before the October congressional elections for an operation aimed at creating "economic chaos," but which turned out to be unfavorable so that the proposal was dropped. Nevertheless, Senator Church is reported by the Washington Post of 29 March to have "said he could not clarify the apparent contradiction between Broe's declaration to Geneen that the CIA was not supporting a candidate in the election and Broe's subsequent endorsement of economic pressures" (against Chile).

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3. A newspaperman covering the hearings commented privately the morning of 29 March that Ambassador Kerry, when he appeared before the Subcommittee two days earlier, had appeared to be "arrogant and complex" and was obviously enjoying himself while baffling the Subcommittee members with his references to "moral commitment." Another person attending the hearings said afterwards that the reporters were equally confused by Kerry's pyrotechnic style and debated among themselves afterwards about what exactly he had said.

Theodore G. Shackley

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Chief

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