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FULBRIGHT PANEL SETS I.T.T. INQUIRY

Investigation to Open Wider
Study of Corporate Roles
in U.S. Foreign Policy

By JOHN W. FINNEY
Special to The New York Times

WASHINGTON, March 24 —
The Senate Foreign Relations
Committee decided today to
conduct a major inquiry into
the influence of multinational
corporations on United States
foreign policy.

It decided to start with an
investigation of assertions that
the International Telephone and
Telegraph Corporation sought
to enlist the cooperation of the
United States Government in
preventing Dr. Salvador Allende
Gossens from taking office
as President of Chile in 1970
and then proposed policies de-
signed to bring about the
Marxist leader's downfall.

To Go Beyond I.T.T. Case

As a first step, the commit-
tee voted to obtain—by sub-
poena if necessary—all I.T.T.
internal documents concerning
Chile between Sept. 4, 1970,
when Dr. Allende was elected,
and Nov. 3 of that year, when
he took office.

To a certain extent, the
Senate committee's inquiry was
precipitated by the reports of
I.T.T.'s attempts to influence
the politics of Chile, where it
has extensive holdings.

But as outlined by Senators
J. W. Fulbright of Arkansas,
the committee chairman, and
Frank Church of Idaho, who
proposed the inquiry, it will
go far beyond that particular
case to a broad examination of
the role of multinational corpo-
rations, their influence on fore-
ign policy and their economic
impact.

The rise of such corporations
— mostly American concerns
with extensive operations over-
seas — has accelerated greatly
since World War II. A sizable
proportion of the profits of
many large American compa-
nies now comes from their
foreign affiliates.

The reports on I.T.T. and Dr.
Allende appeared this week in

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two articles by Jack Anderson,
the syndicated columnist. They
were based on what he said
were letters and memorandums
from the company's files.

He made copies available to
news media on Wednesday.
Senator Fulbright said the com-
mittee had already obtained
copies through newsmen.

An I.T.T. spokesman said
that until a formal request was
received from the Senate com-
mittee for all company docu-
ments concerning Chile during
the two-month 1970 period, it
would have no comment on
whether they would be fur-
nished.

No Comment on Authenticity

I.T.T. has denied that it
sought to interfere in Chile's
politics but has declined com-
ment on the authenticity of the
Anderson documents.

The State Department said
yesterday that the Nixon Ad-
ministration had rejected any
ideas of blocking the inaugura-
tion of Dr. Allende in 1970 or
of subsequently ousting him. At
the same time, the department
refused to deny specifically an
assertion in one of the pur-
ported I.T.T. documents that the
United States Ambassador in
Santiago, Edward M. Korry had
received a "green light" from
Washington to do everything
possible short of military inter-
vention "to keep Allende from
taking power."

Senator Church's proposal
that a major inquiry be held
was accepted without objection
by the rest of the committee,
including the Republican mem-
bers. His motion was that the
committee "undertake an in-
depth study of the role of mul-
tination corporations and their
relationship to the foreign pol-
icy of the United States."

Board Inquiry Promised

Senator Hugh Scott, the Sen-
ate Republican leader, said he
had "no misgivings" about the
inquiry "so long as it is con-
ducted on a constructive basis
and on a bipartisan basis." Sen-
ator Jacob K. Javits, Republican
of New York, described the
study as "a very constructive
development."

The expectation, according to
Senator Fulbright, is that the
committee's study will extend
over one to two years. One of
the immediate problems con-
fronting the committee, Senator
Fulbright acknowledged, is as-
sembling a staff to carry out
the study.

Senator Church's
envisioned that the study
go into "all aspects" of the
multinational corporations, in-
cluding the nature and extent



Associated Press

Senator J. W. Fulbright
discussing Chile study.

of their investment abroad, the
extent to which their invest-
ments are in the interest of the
United States, and the effect

of United States tax incentives
and guarantees on foreign in-
vestments.

While the original emphasis
in the committee's study may
be upon the political influence
of the corporations, both with-
in the United States and
abroad, it was apparent from
comments by Senators Ful-
bright and Church that the com-
mittee also planned to explore
the economic impact of the cor-
porations upon foreign coun-
tries as well as upon domes-
tic concerns.

In effect, Senator Fulbright
observed, the committee will be
examining the validity of the
commonly held assumption of
recent years that foreign in-
vestments by American con-
cerns were "a good thing, not
only for the United States but
for other countries."

Both Senator Fulbright and
Senator Church emphasized
that the investigation of I.T.T.'s
activities in Chile was unrel-
ated to the current inquiry by
the Senate Judiciary Commit-
tee on the relationship between
I.T.T.'s pledge of financial sup-
port for the Republican Na-
tional Convention this summer
in San Diego and the Justice
Department's decision to drop
an antitrust case against the
conglomerate.

Hill to Probe Industry On Foreign Activities

By Murrey Marder
Washington Post Staff Writer

The Senate Foreign Relations Committee agreed yesterday to launch a long-range investigation into the impact of giant multi-national companies on U.S. foreign policy, starting with the activities of International Telephone and Telegraph Corp. in Chile.

This will be an "in-depth" inquiry in unexplored territory, said Chairman J. William Fulbright (D-Ark.). A prime objective, said Sen. Frank Church (D-Idaho), will be to examine "the extent to which the (American) corporate interests in a given country might conflict with the national interests of the United States."

For a start, the committee requested ITT to submit all documents concerning its operations in Chile between Sept. 1 and Nov. 1, 1970. If the documents are not produced voluntarily, said Fulbright, they will be subpoenaed.

These dates include the election with a plurality of Marxist Salvador Allende as president of Chile and confirmation of his election by the Chilean congress.

Documents made public by columnist Jack Anderson allege that ITT, the Central Intelligence Agency and the State Department worked to try to prevent Allende from taking office.

On Thursday, the Nixon administration said it "rejected" any "ideas" of "thwarting" Chile's election process. ITT earlier denied any improprieties.

There was some initial surprise on Capitol Hill yesterday when Fulbright announced, after a closed meeting, that no opposition to the broad new investigation was raised by the 10 senators present, including Senate Republican Leader Hugh Scott of Pennsylvania. Some Republicans earlier had indicated some misgivings about such an inquiry by the Democratic controlled committee in a presidential election year.

What produced the accord, it was learned, were two "understandings" that accompanied what Fulbright called the "unanimous" decision to approve motions offered by Church to launch the inquiry:

Committee members agreed that there would be no hearings on ITT and Chile until after the Senate Judiciary Committee disposes of its nomination hearings for Richard G. Kleindienst to be Attorney General. These hearings now center on charges that the settlement of U.S. anti-trust cases against ITT was connected with an ITT pledge of at least \$200,000 for the Republican national convention.

Secondly, no public hearings on the long-range inquiry on other multi-national conglomerate companies would be held before the presidential election in November. This is intended to assure that no one would be hit by the unpredictable political fallout from an open-ended investigation during the campaign.

Fulbright and Church indirectly alluded to these points in their remarks to newsmen.

"This has nothing whatever to do with the Kleindienst matter," said Fulbright. Church issued a similar disclaimer.

While the allegations concerning ITT in Chile "precipitated the timing" of the new inquiry, Fulbright said, the subject of multi-national companies has been discussed by committee members for a year or more.

It will be necessary to do considerable groundwork, and to assemble a special staff, he said, to prepare for the approved "in-depth study of the role of multi-national corporations and their relationship to the foreign policy of the United States."

"I would certainly think that it would take the rest of this year to get very far along with it," said Fulbright, "and it may take longer."

Scott told reporters that assurances were expressed in the committee meeting that the inquiry would examine "the benefits" of multi-national corporations, including their aid to American balance of payments. "Oh yes," interjected Fulbright, "the good and the bad."

Scott said therefore he "expressed no misgivings" as long as the inquiry is "conducted on a constructive basis with bipartisanship."

Fulbright said it has been a basic assumption in American policy that it is "a good thing for the United States to encourage all manner of private investment" abroad, with guarantees, tax incentives, and other advantages. "I would say the purpose of this study is to examine the validity of these assumptions," Fulbright said, "that growth, per se, is good."

The inquiry, he said, probably will extend to such disputes as the clash between International Petroleum Corp. and Peru over expropriation of IPC property in 1968; the role of U.S. oil firms in the Middle East and elsewhere, and the role of American conglomerates with subsidiaries in Western Europe and other regions.

Church, a prime mover in the committee's decision, said, "we expect to call corporate witnesses and anyone who can testify informatively on the subject."

Said Sen. Jacob K. Javits (R-N.Y.), "It will be a very thorough and intelligent job."

Privately, however, many members of the committee are known to have expressed doubts whether the group will

devote the time and energy required for an inquiry so broad in scope as the one now projected. The committee is noted for absenteeism, which has intensified in an election year in which many of its members are active.

The committee could also encounter jurisdictional challenges in the field of economics into which it is venturing. Fulbright said the group may require a special counsel to plan the highly complex inquiry.