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## Making Mischief Abroad

## US and ITT in Chile

by Tad Szulc

The Senate may soon be moving to break the long-standing shadowy alliance between big American corporations and the Central Intelligence Agency and other United States government organs for carrying out covert interventions in the domestic political affairs of foreign countries. As an outcome of hearings held last March by a special Senate subcommittee on the joint involvement of the White House, the CIA, the State Department and the International Telephone and Telegraph Company in secret efforts to block the 1970 election of Chile's Socialist President Salvador Allende Gossens, a bill is being introduced this week to declare such alliances illegal and punishable by imprisonment and fines.

That US corporations have cooperated in varying degrees in the past with the CIA and foreign opposition groups to stage revolutions and *coups d'état* or to interfere in local elections has been widely suspected for nearly 20 years though it could never be precisely documented. Thus the United Fruit Company was believed to have worked hand in hand with the CIA in organizing the 1954 "rebel" invasion of Guatemala (where the company had important holdings) to oust the leftist President Jacobo Arbenz Guzman. The company's Boston headquarters, as I still vividly recall, was at the time an excellent source for newsmen in following almost on an hourly basis the progress of the invasion.

In 1964 a number of US companies operating in Brazil were thought to have secretly contributed funds — with the CIA's knowledge — to the Brazilian Institute for Democratic Action (IBAD), a civilian rightist group that played an important role in triggering the military revolution against President João Goulart, a highly incompetent and corrupt leftist. Later that same year the ITT provided funds (as did the US government) to campaign against Allende in his first but unsuccessful bid for Chile's presidency.

But the first time that this kind of activity could fully be documented and made part of official record was the March hearings (by the subcommittee on multinational corporations of the Senate Committee on Foreign Relations) on ITT and Chile. A lengthy subcommittee report, issued this week, describes in detail the contacts between the Nixon administration and ITT during 1970 aimed first at defeating Allende and, later, at keeping him in power.

the Chilean parliament.

The central points in the report are sworn testimony that ITT offered the CIA \$1 million in 1970 for anti-Allende operations, that while the agency rejected the offer it subsequently suggested to the ITT its own plan for creating economic chaos in Chile, and that action against Allende was studied at least twice by the White House.

The report is the basis for legislation designed to outlaw such private alliances between the US government and American corporations which is being introduced by Senators Church, Symington, Muskie, Case and Percy. The wording of the bill leaves no doubt what the subcommittee had in mind after discovering the ITT's \$1 million offer to the CIA. It thus provides that "it is unlawful for any citizen or resident of the United States to offer to make, or to make, a contribution to any agency of the United States or officer, employee, or agent of the United States for the purpose of influencing the outcome of an election for public office in another country." Another section declares it to be "unlawful for any officer, employee, or agent of the United States 1) to solicit any citizen or resident of the United States to contribute to, or make an expenditure in support of, any candidate or political party, directly or indirectly, for the purpose of influencing the outcome of an election for public office in a foreign country, or 2) to accept a contribution from any citizen or resident of the United States for such purpose."

The ITT's attempts to involve the White House and the CIA in the attempts to intervene in Chilean politics have been generally known since Jack Anderson, the syndicated columnist, published early in 1972 internal ITT documents bearing on the proposed anti-Allende conspiracy. Until the subcommittee investigation, however, the assumption was that ITT was the "aggressive" party and the administration remained passive, virtually ignoring the company's entreaties.

What emerges from the subcommittee's report and other information from sources close to the investigation is that the Nixon administration was profoundly involved in this whole process in 1970 despite official claims of US neutrality in the Chilean elections. Information developed by the Senate investigators thus shows that Chile was the subject of a meeting in June 1970 of the top-secret "Forty Committee" in the White House. The "Forty Committee" is the National Security Council's organ in charge of studying and approving plans for covert action abroad by the CIA and other US intelligence agencies.

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# ITT effort in Chile called damaging to all multinationals

By Philip W. McKinsey  
 Special correspondent of  
 The Christian Science Monitor

Washington

A Senate foreign-relations subcommittee that investigated International Telephone & Telegraph Company's attempt to manipulate the Chilean presidential elections charges that such activity threatens to give all multinational corporations a bad name.

If ITT's actions in trying to enlist the Central Intelligence Agency's aid in subverting the elections came to be accepted as "normal," the committee report said, "no country would welcome the presence of multinational corporations."

The subcommittee chairman, Frank Church (D) of Idaho, plans to introduce legislation to make it illegal for U.S. citizens or corporations to offer money to a government agency to interfere in foreign elections, or for the agency to accept. Senator Church said he was surprised to find there is no law to prevent it now.

He said that, although ITT apparently did nothing illegal, the "highest officials" of the huge conglomerate "overstepped the line of acceptable corporate behavior."

## Complicity scored

Senator Church also scored the CIA for its complicity in the scheme and suggested that appropriate committees of Congress take a good look at what goes on in the agency. Congress, he said, "knows very little about the CIA."

It is supposed to be overseen by the Senate Armed Services Committee and by a select committee of Senate elders, but the select committee has not even met for several years.

Senator Church said the next phase of his subcommittee's probe of the multinationals would be a look at the Overseas Private Investment Corporation, which guarantees American business investments abroad against expropriation. OPIC had guaranteed ITT's investment in Chile to the tune of about \$100 million, and the company used this as an argument for the American Government's getting involved in saving ITT's investment by preventing the election of leftist Salvador Allende Gossens. Allende has indicated previously he thought

OPIC should be reviewed anyway to determine whether it is in the U.S. taxpayer's interest to guarantee business investment abroad.

## Substantial fund offered

The committee's hearings earlier this year disclosed that in 1970 ITT offered the CIA a substantial fund to support Dr. Allende's conservative opponent in the election. This was turned down.

The company then offered \$1 million toward any plan the U.S. Government might come up with to block the election of Dr. Allende. A high CIA official then initiated a proposal to create economic chaos in Chile by such means as having banks delay loans, putting pressure on shaky savings and loan companies in the country, and withdrawing technical aid. The company rejected this as unworkable.

The negotiations between ITT and the CIA were carried out in part by John McCone, a director of the company who once headed the CIA. After extensive negotiations, the scheme never was adopted by either the company or the American Government.

Senator Church, in scoring the ITT's role, made a point of noting that other U.S. companies in Chile and international banks that were approached about participating in the scheme declined to become involved.

While the Senate committee has finished its probe of ITT, the company's troubles in Washington may not be entirely over. Documents dealing with the consent decree that gave ITT ownership of Hartford Fire Insurance Company while requiring it to divest other operations have been turned over to Archibald Cox, special prosecutor in the Watergate case, for inquiry into possible connection between campaign donations and the government action.

WASHINGTON POST  
22 JUN 1973

# Senate Panel Hits ITT Role in Chile

By Laurence Stern  
Washington Post Staff Writer

The International Telephone and Telegraph Co. "overstepped the lines of acceptable corporate behavior" in seeking covert Central Intelligence Agency intervention in Chile's 1970 presidential election.

So concluded the Senate Foreign Relations Subcommittee, on Multinational Corporations in a report yesterday on ITT's unsuccessful campaign to block the election of Marxist Salvador Allende.

Subcommittee chairman Frank Church (Idaho) said, however, that there was nothing illegal in ITT's offer of \$1 million to the CIA to finance Allende's opposition in 1970. Church nonetheless said he was "very much" disturbed by the conduct both of ITT and the CIA in Chile.

The report was accompanied by proposed legislation which would make it a crime for an American citizen or resident to offer money to U.S. agencies in order to influence the outcome of a foreign election. Solicitation of such contributions by government officials would also become a crime under the proposed law.

In the course of the ITT-Chilean affair in 1970 the corporation's board chairman, Harold S. Geneen offered the CIA \$1 million to influence the outcome of the election in Chile. The offer was also made by Geneen through John McCone, a former director of the CIA, who was serving in the dual role of CIA consultant and ITT director when he interceded in the case.

Church said that his staff considered the question of whether the crime of bribery had been committed in the course of the ITT-CIA dealings but concluded that there was no basis for criminal action. The report, he said, is being forwarded to Henry E. Peterson, Assistant Attorney General in charge of the Justice Department's Criminal Division.

"As you know, the Justice Department is a tower of strength these days," Church remarked.

The report of the ITT investigation was mild in language, reflecting disputes within the subcommittee over how hard to censure the CIA and McCone for their role in the case. Earlier drafts of the report were said to contain stiff criticism of McCone on conflict-of-interest grounds but they were expunged at the insistence of subcommittee members.

On the question of CIA complicity in the efforts to prevent Allende's election, the report said "it was not in the best interest of the U.S. business community for the CIA to attempt to use a U.S. corporation to influence the political situation in Chile."

This criticism stemmed from testimony that the CIA's chief clandestine officer for Western Hemisphere operations, William V. Broe, proposed that ITT help in carrying out a program of economic sabotage in Chile intended to weaken Allende's political position in the Congressional run-off election.

ITT officials testified that they declined to participate in the CIA plan which called for application of credit pressures against the Chilean economy and withdrawal of technical assistance.

ITT's interest in the case was to prevent nationalization of its Chilean telephone company holdings or at least to sweeten the terms of compensation. The corporation and the Chilean government were negotiating on compensation terms when ITT's dealings with the CIA were made public by columnist Jack Anderson in March, 1972. Chile broke off the talks.

The report raised—but did not answer—a series of questions about the role of the National Security Council's "Forty Committee" in the ITT affair.

The Forty Committee, advised by Henry Kissinger, is the senior NSC group which reviews covert operations such

those initially proposed by ITT to CIA and later recommended by CIA to ITT.

"Did the members of the Forty Committee adequately consider the possibility that, once having launched the U.S. down the road of covert intervention, other, more direct, measures might have become necessary to insure the desired result: stopping Allende from becoming President of Chile?" the report asked.

The subcommittee heard testimony that the Forty Committee decided against any significant intervention prior to Allende's first election on September 4, 1970. After the initial victory, the senior operations group met again but government witnesses were unwilling to say what was decided at the meeting.

The meeting was followed, however, by the CIA's first overture to ITT for help in economic sabotage action designed to weaken Allende's chances for winning the Congressional run-off the following October. The double balloting was necessary because of Allende's failure to win a majority in the earlier popular election.

The subcommittee said that the record of its hearings "calls into question the Administration's stated policy that it was willing to live with a community of diversity in Latin America." President Nixon used that description in his 1971 foreign policy report to Congress.

Since the Foreign Relations Committee has no jurisdiction over the CIA, the report called for a review by "the appropriate congressional committees" of the authorization and conduct of CIA clandestine operations. The Armed Services and Appropriations Committees do have CIA oversight responsibility but both committees have tended to serve as advocates and protectors of the agency's activities.

1 MAY 1973

## Lack of Probe Of ITT-CIA Questioned

Rep. Charles Rangel has asked Attorney General Richard G. Kleindienst why there has been no grand jury investigation of reports that International Telephone and Telegraph officials offered money to the Central Intelligence Agency to interfere in Chilean elections.

Rangel said the alleged offer of \$1 million to the CIA to intercede in the 1970 Chilean elections could violate federal bribery statutes.

ITT's majority shares of the Chilean telephone company were nationalized following the election of President Salvador Allende.

The New York Democrat noted testimony last month before the Senate subcommittee on multinational corporations by John A. McCone, a director of ITT, that in September 1970 he met separately with Dr. Henry Kissinger and CIA director Richard Helms.

"According to his own testimony," Rangel said, "McCone told both men that he had been authorized by Harold S. Gencen, chairman of the board of ITT, to offer \$1 million to the U.S. government to be used in support of any government plan to prevent the election of Dr. Salvador Allende as president of Chile."

Rangel said it is a federal offense for any person to try to influence an official act by promising a federal public official that something of value will be given to another person or entity.

Rangel made the request to Kleindienst in a letter 10 days ago. The Justice Department has not yet acknowledged the letter, he said.

# ITT Was a Very Good Year... Dita Beard, CIA, Chile

A Commentary

By Nicholas von Hoffman

KANSAS CITY, Mo.—The private detectives had kept out all those with no title to be there: the Avis girls, in their red blazers, had ushered everyone to their seats in the meeting room of this strangely chosen, second-rate hotel, and now the hired Godslinger from St. John's Methodist Church was making the invocational prelude to this exercise in corporate democracy.

"We should recognize that there are eternal values," he informed the 200 to 300 people in the room, and as he did so Harold S. Geneen, the chairman and chief executive officer of ITT, composed his sharp face into an expression verging on that of reverence.

"We believe we are men of good will," the clergyman continued, and Francis J. Dunleavy, the president and chief operating officer, the 12 senior vice presidents and the 41 just plain vice presidents, give or take a few absentees, seemed to be reassuring their Maker that they did indeed have a triple A spiritual Dun and Bradstreet.

The fifty-third annual ITT stockholders meeting then got under way with a lady in red hotpants complaining that she had been mistreated at an ITT-owned Sheraton. Geneen told her she should bring that up later, but she replied that "for \$800,000 a year you can put up with me."

"I want a raise," he retorted, and then began his annual State of the Corporation Message, but you're mistaken if you think he expressed any contrition for Dita Beard and her shredding machine, neither of which were present, or Chile or the CIA. No, for ITT 1972 was a "really" good year and the italics are his.

Geneen has a message for those of us who think it was naughty of him to risk precipitating a civil war in somebody else's country to save his chintzy telephone company: It is that we, like him, are the beneficiaries of ITT's imperialism:

"If we in the United States want to drive to work in the 300-horsepower, 17-foot car, that we consider a normal standard, and yet compete across the globe with an industrious worker who counts himself lucky to own a small car or bicycle to get to the factory, then it is at least time that we learned to 'bury' our differences—business, labor, government and the consumer alike—and be smart enough to at least 'work together' . . . it is worth emphasizing that the United States' stake in international investment and production is now (italics his) far more important than any possible profit from the export of merchandise. In 1972, for example, gross income from United States investment abroad came to \$10.4 billion positive while the United States merchandise balance with other countries came to \$6.4 billion negative."

Geneen's peculiar use of quotation marks aside, what the man was actually saying is, "listen! you moralistic numbskulls, you self-righteous pests, we're now getting to be in the position of pre-World War I England. We're all living off these imperialist investments abroad, so shut up, and join the cartel."

There were a few present to reproach him, but this wasn't a Senate committee meeting inquiring into ITT's anti-antitrust dipsydoodles. This was Geneen's turf and he could handle all comers. When one proxy holder challenged what ex-CIA Director and current ITT board member John McCone had tried to pull off in Chile, the chairman and chief executive officer replied, "I think we did right. I'm just sorry we were unable to persuade our government to take a stronger position."

When he got hit again on the subject, this time from a Chilean clergyman, Hal told him, "You are a bishop and I believe that you are sincere in what you are saying," and then he went on to complain that if the government could drop \$165 billion in Vietnam fighting Commies, he didn't understand why it couldn't spend a little in South America.

When another skeptic with a single-share proxy from a Ralph Nader group wanted a yes or no answer to a question involving an alleged conflict-of-interest situation with Felix Rohatyn, the ITT board member from Lazard Freres, Geneen said, "Ah, grow up."

While this colloquy was taking place Ned Garrity, ITT's senior vice president for public affairs, was being affable and explaining that the only reason the Nixon administration had sued to divorce Hartford Insurance from the big momma conglomerate was that they'd found out Geneen was a Humphrey supporter in '68. But the most telling blows were struck by Red Hotpants, who wanted to put John Connally on the all-white, all-male board because it lacked a good-looking man. She got Geneen to admit that not only was he not active in any charity whatsoever, but that last year this company with 400,000 employees in 90 countries and revenues of \$8.6 billion dollars had contributed .00035 per cent of its U.S. pre-tax income to philanthropy.

Geneen, who has learned that power is more important than public relations, commented, "I think we've been on the low side." Profits should be up again this year anyway, and, as red pants says, "Harold, nobody but you and I can run this company."

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Allende's Hypocrisy

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# The Ridiculous Crusade Against

ITT STAT

By M. STANTON EVANS

Of all the silly crusades being promoted these days by American liberals—and there are plenty of them—the current vendetta against the International Telephone and Telegraph Corp. is perhaps the silliest.

The latest enormity charged to ITT is that it tried to interfere in the 1970 proceedings which resulted in the selection of Salvador Allende as president of Chile. On the liberal argument, echoing Allende's own, ITT was guilty of meddling in the affairs of a foreign nation, hindering the democratic process and exporting American "imperialism" to the South.

Revelation of ITT's concern to head off Allende occurred a year ago when columnist Jack Anderson latched onto company memoranda on the subject, documents Allende's government thereafter published in full as a major exposé of North American gall. In recent weeks Sen. Frank Church (D-Idaho) has seen fit to revive the matter in a series of publicized congressional hearings—replete with confirmation by former CIA Director John McCone, now with ITT, that he had made an offer of \$1 million in corporate funds to mobilize resistance to Allende.

To the liberal mind these various charges and admissions are proof conclusive that ITT has committed irremediable sin—a laboratory specimen of what is wrong with multinational corporations, U.S. dealings in Latin America, and alleged interlocks between the American government and corporate big business. Careful inspection of the ITT memoranda and of the factual record on Allende, however, provides an alternate reading.

These documents show that ITT had a clear-eyed view of what was happening in Chile, excellent reason to mount resistance to Allende, and a proper grasp of American foreign policy weakness. Its major failing was not excessive interlock with official Washington, but far too little.

Fact one in the matter is that ITT was not, from a Chilean standpoint, a

"foreign" interest but a corporate citizen of Chile, providing a needed service, employing almost 6,000 Chilean nationals and paying heavy taxes. It had been in business there for 45 years, over-fulfilling contractual obligations, increasing the number of telephones by 900 per cent and providing the kind of capital outlay that underdeveloped nations require if they are ever to become developed. ITT's holdings in the Chile Telephone Co. were worth \$153 million, with a remaining 30 per cent of the share being held by Chilean interests. (Under an agreement reached between ITT and the previous government this figure was scheduled to rise to 49 per cent.)

Fact two is that Salvador Allende, himself a Marxist and backed to the hilt by the Communist global enterprise, had made it plain that he would nationalize important features of the Chilean economy—including, in his zeal to control communications, not merely the phone company but the only vigorous opposition newspapers.

The ITT memoranda which Allende himself has published as major disclosures of fact are laden with charges that his selection was tantamount to a Communist power-play, backed by Fidel Castro and the Soviet Embassy, and that his accession would mean the death of freedom in Chile, suppression of dissent and the outright theft of property owned by the shareholders of Chiltelco.

Fact three is that Allende was not a popularly chosen president nor—as suggested by *Time*—a "freely elected" one at the time of ITT's involvement. He had secured a 36 per cent plurality in a three-man race and when these memoranda were being exchanged had not been elected president. That procedure rested with the Chilean Congress which could in theory at least have favored any one of the contestants.

Allende's share of the vote was smaller than that he received in 1964 against Christian Democrat Eduardo Frei, and in another two-man race with Frei he would almost certainly have lost. The memoranda dwell on the possibility of securing such an election, though to this effect were rejected by the management of ITT.

It is also important to note that steps concretely proposed by ITT subordinates were geared to keeping some hope of freedom alive in Chile, particularly freedom of the press. Thus a September 1970 memo recounts in detail the struggles of the anti-Communist *Mercurio* papers, a midnight visit by the Allende representatives threatening them with expropriation and the financial woes the paper had experienced in recent months. The memorandum concludes with this series of suggested actions by ITT:

"1. We and other U.S. firms in Chile pump some advertising into *Mercurio*. (This has been started.)

"2. We help with getting some propagandists working again on radio and television. There are about 20 people that the Matte and Edwards groups were supporting and that we should make certain they are revived. Allende now controls two of the three TV stations in Santiago and has launched an intensive radio campaign.

"3. Assist in support of a 'family relocation' counter in Mendoza or Baires for wives and children of key persons involved in the fight. This will involve about 50 families for a period of a month to six weeks, maybe two months.

"4. Bring what pressure we can on USIS in Washington to instruct the Santiago USIS to start moving the *Mercurio* editorials around Latin America. Up until I left they were under orders not to move anything out of this country.

"5. Urge the key European press, through our contacts there, to get the story of what disaster could fall on Chile if Allende & Co. win this country."

Here, indeed, are nefarious proposals: A business firm with a substantial threatened investment in Chile actually trying to shore up the remnants of an independent press against a confessing Marxist! On the thesis of the liberals, ITT should not have attempted to help the *Mercurio* papers nor lifted a finger to prevent the theft of its own property.

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continued

## New broom at CIA

By Benjamin Welles

In his first two months as head of the CIA, James R. Schlesinger has fired 1,000 employees — thereby creating gloom and apprehension in a federal fief long sheltered by secrecy, by "old school tie" friendships and by the benign neglect of elderly congressional leaders.

Mr. Schlesinger, one of President Nixon's favorite "managers," has summarily — even ruthlessly — dropped several ranking officials and has shipped others overseas. He has begun reshuffling his organizational furniture, and, taking a cue from his predecessor, Richard M. Helms, he has begun divulging his plans in background chats with key newsmen.

The question arises: how much is real — how much cosmetics? Is the dust being swept out from under — or merely under — the rugs? Some close observers suspect Mr. Schlesinger of shaking his broom publicly to create a favorable image of the "President's man," brushing away the cobwebs, making the sluggish CIA "responsive" to the White House.

Some of Mr. Schlesinger's changes to date have had their lighter aspects. CIA secretaries no longer mysteriously answer incoming calls with "76-76" or some other anonymous extension; they now proudly proclaim "Mr. Jones's office" or "Soviet economic affairs" etc.

In a bid to end the aura of "clandestinity" that often irked the press, public and Congress, Mr. Schlesinger has suggested opening CIA dining rooms to wives — only to be warned that an Arab terrorist might sneak in disguised as a suburban housewife. CIA officers, who have long used state department "cover," now must forgo the dining rooms or don visitor's identity badges so as not to "blow" their cover.

In his first talks with newsmen Mr. Schlesinger has promised to cut back on such costly — and dismally ineffective — CIA pseudo-secret activities as running 50,000 anti-Communist guerrillas in Laos.

He forecasts a greater technological capability for CIA — presumably through new "real time" spy satellites being developed that will transmit copious photographic and electronic data collected over the Soviet Union, China or other "targets" instantaneously to U.S. earth stations for fast analysis. Currently most U.S. satellites spew forth their data in packets which specially trained air crews recover in mid-air over the Pacific, then fly to Rochester for processing and Washington for analysis — a time-consuming procedure.

He is said to discount the importance of espionage, although there is no known electronic pipeline into the Kremlin's thinking that compares — poor as it is — with the indiscretions of some East European Communist boss confiding, willingly or unwillingly, to a third party in Western pay.

Mr. Schlesinger has promised visitors to step up CIA activities against narcotics traffickers and political terrorists. But Helms set up a narcotics division in CIA three years ago; that is hardly new, and CIA counterespionage experts have long been tracking political terrorism — especially in the Middle East.

As part of the new "face-lift" Mr. Schlesinger has scrapped the deliberately misleading name "directorates of plans" for the CIA's clandestine services: espionage, counter-espionage, covert political action around the world. Together with the former administrative "support" directorate, it is now all lumped together as "operations," and he will run it very much from his own office through his deputy, William Colby, an ex-CIA "pacification" chief in Vietnam.

The most controversial of Mr. Schlesinger's moves — one widely misinterpreted in the press — has been the creation of an "intelligence community staff." It is headed by Lt. Gen. Lewis Allen, U.S.A.F., a veteran missile-cum-spy-satellite expert, with Maj. Gen. Daniel Graham, U.S.A.F., a bright young analyst from the Defense Intelligence Agency as his deputy. The ICS is modeled on the NIPE (National Intelligence Program Evaluation) staff created by director McCone in 1962.

On Schlesinger's order the ICS will comprise about 60: half CIA and the rest representing agencies involved in military intelligence — DIA, the code-cracking National Security Agency, the National Reconnaissance Office, the State Department intelligence arm. It is authorized to criticize evaluation methods used by CIA, DIA or any other agency, but its main role will be ensuring that there are no "gaps" in collecting intelligence around the world, whether by satellites, spies or eavesdropping.

A recent article by Graham in the current Army magazine has raised the specter of a "military" takeover of "civilian" intelligence evaluation. Allegedly this would permit the Pentagon to "tailor" the U.S.S.R. or Chinese threat to its ever growing budget.

"Danny's suddenly a controversial figure — but they're reading him wrong," said a long-time analyst. "He's not plotting to wrench military estimates from the CIA. Quite the contrary: he wants the military to be as professional as the CIA. In other words, his target is the poor grade of military analysis done separately in the Army, Navy, and Air Force. That's what he wants to eliminate."

It is early, still, to say whether the Schlesinger reforms will significantly improve the national intelligence "product," for which the taxpayers hire 125,000 employees and pay \$5 billion yearly. Some key analysts so far doubt it.

"There's a mood of being dissatisfied with previous work which comes, I guess, from the White House," said one source. "It's not very well-informed opinion, but it's certainly pervasive. We're getting motion, if not necessarily progress."

Mr. Welles, for many years on the staff of the New York Times, is now an independent commentator on **STATS** on in Washington.

EVENING - 623,245

WEEKEND - 354,797

# The Literary Scene

JOHN BARKHAM

**THE SECRET TEAM: The CIA and Its Allies in Control of the U.S. and the World.** By Col. L. Fletcher Prouty (USAF Ret.) Prentice-Hall. 496 pp. \$8.95.

If this long, densely packed book is carefully read in Washington it should blow the roof off the CIA's headquarters building. It reveals more of the CIA's history, its clandestine operations and adroit cover-up tactics than any previously published book on the subject.

In all probability, however, it will not create the sensation it should, partly because of the stolidity and repetitiousness of its prose, partly because most Americans are just too shock-saturated to react as they ought. Foreign embassies, on the other hand, will doubtless study its pages with profit.

\* \* \*

Why, you ask, has Colonel Prouty been permitted to lift the lid on the inner workings of the CIA? Because he never belonged to the CIA and was not bound by its oath of secrecy. As an Air Force officer and former pilot he spent his last nine years of service in the Pentagon as the official Focal Point Officer through whom all CIA military activities were channeled.

He was, in his own words, one of the "behind-the-scenes, faceless, nameless, ubiquitous experts who brief Presidents and Secretaries of State." (Henry Kissinger at one time was another.) "In the CIA the briefing officer specialized in the high art of top-level indoctrination."

\* \* \*

One of the many shocks delivered in the book is its disclosure of deliberate fabrications disseminated by the CIA, usually through leaks. These are called "covers" because they are designed to conceal the truth.

The late Allen Dulles, first CIA head, was an expert in planting "covers" at lunches for prominent writers, "it would discuss openly the same subjects that only hours before had been discussed in the secret inner

chambers of the agency," recalls Prouty. "It is fantastic to find people like Daniel Ellsberg being charged with leaking official secrets because a label on the piece of paper said 'Top Secret' when the substance was patently untrue and no more than a cover story. Except for the fact that they were official lies, these papers had no basis in fact."

Dulles, adds Prouty, would tell similar stories which would thereafter appear in print. They were "cleverly untrue."

Even Defense Secretary Robert McNamara when he headed the Pentagon received skilled briefing "treatment" on his visits to Vietnam. "He would be in the custody of skilled briefers who knew what he should see, whom he should see, and whom he should not see. In many cases the messages, relayed from Saigon, ostensibly written by and for McNamara while he was there, had been sent to Saigon from Washington before he arrived there."

In due course the Secretary brought the report back to Washington and handed it to President Johnson. "It is difficult," adds Prouty drily, "not to yield to the urge to play God and make everything come out as desired."

\* \* \*

The book abounds in examples of such carefully planned and executed acts of official deviousness. One is left with impression that the CIA probably leads the world in sophisticated techniques of overt and covert deception. Five Presidents,

Prouty reminds us, have had to live with the CIA and watch it grow from a simple intelligence-gathering agency into a complex giant whose reach extends around the globe. "A parade of Secretaries of State have seen their power and influence dwindle and be eclipsed almost to extinction by the CIA . . . Like a terrible, haunting, terrorizing nightmare, the sinister machine pervades every aspect of the government today."

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# C.I.A. Trained Tibetans in Colorado, New Book Says

## Says

Special to The New York Times

WASHINGTON, April 18—

The Central Intelligence Agency set up a secret base in the Colorado Rockies to train Tibetan guerrillas in mountain warfare in the late nineteen-fifties, when there was an uprising against Chinese rule in Tibet, a new book discloses.

In the book, "The Politics of Lying," David Wise, the author, said that the agency began training Tibetan refugees recruited in India in 1958 in a deserted World War II Army base near Leadville, Colo. The operation continued into the early months of the Kennedy Administration, he said.

A spokesman for the agency said that there would be no immediate comment on the report.

Mr. Wise, the former Washington bureau chief of The New York Herald Tribune and co-author of "The Invisible Government," a 1964 book about the Central Intelligence Agency, wrote that the Tibetan training program apparently ended abruptly in December, 1961, six months after the Bay of Pigs fiasco and a few days after its cover was almost blown in an airport near Colorado Springs.

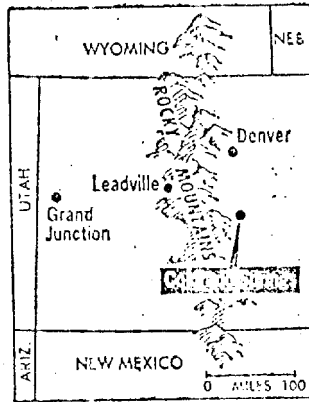
### Delayed by Bus Accident

"Ironically, it was the snow and the mountains — the very factors that led the C.I.A. to select Colorado for the training base — that almost caused the operation to surface," Mr. Wise wrote. A group of Tibetan trainees were loaded aboard a bus at the Army camp for a 130-mile trip to a nearby airfield in Colorado Springs, where a large Air Force jet was waiting to quietly fly them out of the country before dawn.

"But coming down the mountain," Mr. Wise wrote, "the bus skidded off the road in the snow. As a result of the delay caused by the accident, it was daylight when the Tibetans arrived at the field."

Once there, the book went on, overzealous military security officials herded the airport's employes around at gunpoint, but not until at least one of them saw the Tibetans board the jet.

Complaints to the local sheriff were made about the manhandling of the civilians, and a few newspaper articles describing the bizarre encounter were published in Colorado Springs and Denver. But, Mr. Wise wrote, the full implications of the incident did not become public.



The New York Times/April 19, 1973

Camp reportedly was in Rockies 130 miles from city of Colorado Springs.

When a reporter for The New York Times subsequently began a routine inquiry, based on a brief news-agency dispatch about the incident, the book said, the office of Robert S. McNamara, who was then Secretary of Defense, telephoned the Washington Bureau of The Times and asked that the story not be used because of "national security" reasons.

The Times acquiesced, Mr. Wise wrote, in line with the general newspaper practice in those years of not challenging the Government's definition of "national security."

The two top news officials in Washington for The Times in 1961, the bureau chief, James Reston, and the news editor, Wallace Carroll, said yesterday that they did not recall the incident. Mr. Reston is now a vice president and columnist for The Times, and Mr. Carroll is editor and publisher of the Journal and Sentinel in Winston-Salem, N. C.

Jack Raymond, who was defense correspondent for The Times in 1961, said yesterday that "I do remember at the time knowing about the incident and I don't recall what prevented me from writing about it."

Mr. Raymond, who is now associated with the Aspen Institute for Humanistic Studies in New York, added in a telephone interview. "I'm inclined to think that I didn't have enough information about it to write a story. I have no immediate recollection of being thrown off the story by anybody."

### 'Nerve-Racking Moments'

In his book, Mr. Wise wrote that the issue caused some "nerve-racking moments" at the Central Intelligence

Agency's new \$46-million headquarters in Langley, Va., because the incident occurred a week after President Kennedy announced the appointment of John A. McCone as the new Director of Central Intelligence. Mr. McCone replaced Allen W. Dulles, whose resignation was accepted after the Bay of Pigs incident, Mr. Wise wrote.

The dispute between Tibet and China began in the 13th century, Mr. Wise wrote, with China periodically claiming Tibet as part of her territory. Mainland China was taken over by Communist forces led by Mao Tse-tung in 1949, and in 1950 Chinese troops marched into Tibet.

In May, 1951, the Chinese signed an agreement with the Dalai Lama government for the occupation of Tibet, pledging not to alter the existing political system in Tibet or the powers of the Dalai Lama. However, the agreement also provided for Chinese control through the appointment of a military and administrative committee.

During the mid-nineteen-fifties, however, Mr. Wise wrote, Tibetan guerrillas began

insurgent warfare against the Chinese and officials of the Central Intelligence Agency "concluded that the situation offered an ideal opportunity" for covert United States aid.

In March, 1959, the Dalai Lama was forced to flee over high mountain passes to India after a Chinese mortar attack on his palace, Mr. Wise asserted. Intelligence officials later concluded, Mr. Wise wrote, that some of the guerrillas who had been trained in the Colorado Rockies had been responsible for guiding the Dalai Lama to safety.

Open warfare broke out in Tibet after the escape, Mr. Wise reported, and thousands of Tibetans were killed and the Dalai Lama's government was dissolved by the Chinese. India's decision to grant sanctuary to the Dalai Lama also increased the pressure between

that nation and China, the book said.

The secret training operation was hardly a success, Mr. Wise wrote, because the guerrillas "infiltrated into Tibet by the C.I.A. were attempting to harass the Chinese, not to free the country; in the long run it is doubtful that they made very much difference. Since 1961 Communist China has tightened its grip on Tibet." Tibet, like other areas largely populated by ethnic minorities, now has the status of an autonomous region within China.

"Would the nation's security have been endangered if the story of the Tibetan operation had been disclosed in 1961?" the book asked. "In the wake of the Bay of Pigs, Kennedy ordered two separate investigations of the C.I.A., and he struggled to take tighter control over the agency's operations by changing its top leadership."

"Publication of the story might have focused public attention on a number of important issues," Mr. Wise suggested, "including the basic question of whether tax money would be used to finance clandestine intelligence operations." A second issue, he added, was whether the agency had a legal basis for operating a secret training base in the United States.

Finally, Mr. Wise wrote, that "disclosure might also have led to a public examination of such important questions as whether President Eisenhower approved the Tibetan operation, whether President Kennedy was aware of it or approved it, and whether the four 'watchdog' committees of the Congress had had any knowledge of what was going on in Colorado."

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## ITT: A Small Whale

By comparison with the largest U.S. multinational corporations, ITT is, as *The Christian Science Monitor* reports, "a small whale." Even so, it has 236,000 stockholders, 398,000 employees, a net worth of \$3.83 billion and an annual product valued at \$4.07 billion—which puts it just behind Peru but well ahead of Malaysia or Algeria. It operates in some seventy countries.

This baby whale has real influence at the highest levels of the Nixon Administration, which it did not hesitate to use in attempts to involve this country in "dirty tricks" aimed at defeating Dr. Allende's campaign to become President of Chile and, later, of preventing him from taking office. ITT officials have given conflicting testimony before Sen. Frank Church's subcommittee, nor can their testimony be reconciled at some points with that of government officials. (Harold Gense, chairman of ITT, has now conceded that he no doubt forgot having offered the CIA money to be used for the defeat of Allende.) However, the general pattern is clear enough. In September 1970, John A. McCone, former head of the CIA, later a director of ITT, and still a consultant for the CIA, offered the government a cool million—in the "anti-Communist" spirit, he said, of the Marshall Plan and the Berlin airlift—to aid in whatever plans the CIA and/or the government might have to keep Allende from taking power. This offer was made to Henry Kissinger with the approval of Richard Helms, McCone's successor at the CIA; about a month before the runoff election of October 24, 1970. On September 16, Kissinger, in some off-the-record remarks to a group of Chicago editors, said: "I don't think we should delude ourselves that an Allende takeover in Chile would not present massive problems for the United States and democratic forces and pro-U.S. forces in Latin America. . . . We are taking a close look at the situation." The McCone proposal—a clear tender of private subsidy for public action—was ultimately rejected by the government, but earlier and before the popular election of September 4, 1970, the CIA apparently spent \$400,000 on a covert propaganda campaign to defeat Allende.

The testimony of both ITT and government officials before the Church subcommittee is "unclear" for a reason. ITT has a claim for \$92.5 million pending with the Overseas Private Investment Corp. by way of reimbursement for its properties in Chile. A corporation must wait one year after its property has been expropriated before filing a claim with OPIC. During the waiting period it is required to negotiate with the government in question to determine whether a settlement can be made. Then OPIC has six months within which to accept or reject the claim. The six-month period on the ITT claim expires around May 1. Under the law, if ITT meddled in Chilean affairs, OPIC can reject its claim. But there is a catch: if ITT intervened at the request of the U.S. Government, then it might still be able to recover.

Several issues loom from testimony at the current hearings. In a handsome four-color, 32-page booklet, ITT boasts that it is "Serving people . . . and nations everywhere . . . because we care." That is a familiar theme for multinational corporations. [See Vol. 1, No. 1, of *Elements*, a glossy

issued by Dow Chemical; see also the article by Robert Sherrill in this issue, p. 488.] But it is clear, even before the conflicts in testimony have been resolved, that ITT enjoys a relationship with both the State Department and the CIA—remember McCone is still a consultant for the latter as well as a director of ITT—that cannot be in the best interests of the American or the Chilean peoples, regardless of how well it serves the interests of ITT, its officers and stockholders. A few publications have been raising pertinent questions: Was ITT seeking to use the government to protect its interests in Chile, asks the *St. Louis Post-Dispatch*, or was the government seeking to enlist ITT's aid in toppling a regime it did not like, or was it simply a case of both having "a community of interests"? "How much influence may a corporation legitimately exert, in its own interest, on foreign policy?" asks *Business Week* (March 31). "How far should a government go in protecting the foreign operations of its corporate citizens and, conversely, how far should it go in regulating their behavior abroad? More fundamentally, of what country is ITT—or any multinational company—a citizen?"

Rep. John C. Culver (D., Iowa) has another question; a subcommittee he chairs will start hearings in May to determine whether overseas investments by American multinational corporations should be insured. But the basic question is that raised by *The Christian Science Monitor*: "What is the place of these multinationals in world affairs?" Mintz and Cohen, in *America, Inc.* (1972), estimate that, if present merger rates continue, 300 giant international corporations will by 1985 dominate the economies of the principal non-Communist countries of the world. Already our good neighbors, Canada and Mexico—no doubt with an eye on ITT's performance in Chile—have begun to express serious doubts about the extent to which American multinational whales, large or small, should be encouraged to feed on their economies. ITT has a job on its hands if it intends to convince all governments, everywhere, that it exists to serve the best interests of people in the seventy countries, including the United States, in which it operates. So far as *The Nation* is concerned, it would be our hope, on the basis of what is now known about ITT's operations in Chile, where as late as March 21, 1972, Allende's government was still willing to negotiate a settlement (that was before Jack Anderson published the first of the ITT memos), that if OPIC approves the claim for indemnification, John Gardner's Common Cause will retain Ralph Nader to file a court action seeking to enjoin payment.

# The Brute Force Of Money

"We don't think bigness is bad," former Attorney General John Mitchell is supposed to have said in 1970. According to Mitchell's testimony of a year ago, that is the gist of what he told International Telephone and Telegraph board chairman Harold Geneen when he came to visit the Justice Department. There would be no busting of competitive trusts; only the anti-competitive ones need worry. Hearing that, Geneen left apparently convinced that his corporation was one of the saved, with friends at the top if not at the bottom. Since then evidence has accumulated to indicate that John Mitchell made a bad mistake. For ITT has become a prime example of how brutal bigness can be when coupled with the profit motive.

Recent hearings before the Senate subcommittee on multinational corporations have stirred up new interest in some ITT memos publicized a year ago by columnist Jack Anderson. They deal with ITT's attempt to intervene in Chilean politics and prevent the socialist candidate, Salvador Allende Gossens, from winning the 1970 presidential election. Much of what ITT officials said in those hearings was un-specific musings about what they may or may not have done. There seems to be a kind of group amnesia that afflicts executives when they sit down to review their record in public. Awkward details get lost. But enough was said, or implied, to startle some of the senators.

We know that ITT was intrigued by the possibility of promoting a military coup in Chile to prevent Allende from ruling. The question is, how far did ITT go? In the earliest of the memos now in the hands of the Senate subcommittee we can read a report by an ITT official in Washington, describing how he asked the White House to "take a neutral position, or not discourage, in the event Chile or others attempt to save the situation." Later we read a message from ITT agents in Latin American headquarters, sizing up the chances for a coup led by then President Frei: "The armed forces boss, Rene Schneider, is fully aware of the danger of Allende moving in. But he will not budge an inch without Frei's okay. . . . [and Frei] won't move unless he is provided with a constitutional threat. That threat must be provided one way or another through provocation." Later still comes this memo from the head of ITT's Washington office, William Merriam: "Today I had lunch with our contact at the McLean agency [CIA]. . . . Approaches continue to be made to select members

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ITT AND ALLENDE

## Looking Back on What Happened

M. J. SOBRAN JR.

ITT'S ATTEMPT to prevent Salvador Allende's 1970 election, first alleged last year by Jack Anderson, jumped back into the headlines a fortnight ago when a special Senate Foreign Relations subcommittee opened hearings into the case. ITT has asked for \$92 million in compensation from the Overseas Private Investment Corporation, a government agency set up to indemnify U.S. corporations whose properties are nationalized or expropriated. The hearings of Senator Frank Church's subcommittee were to determine whether ITT's claims were valid or whether the company had so involved itself in the internal affairs of Chile that Allende was justified in taking over its assets.

It will be recalled that seven weeks passed between Allende's narrow plurality victory in the popular election, which threw the decision into the Congress, and his final confirmation by the Congress. Anderson charged that, in the interim, ITT offered the State Department over \$1 million to stop Allende, without specifying how. So much, on the evidence of the memos Anderson secured and circulated, is clear enough. Anderson himself was vague about the details, although he was clear enough about the moral of the story. Indeed, in his account, there was almost more moral than story; ITT was a "huge international conglomerate," "a veritable corporate nation" which "has built an empire, like Britain's, upon which the sun never sets"; its hierarchy includes, or has included, numerous world leaders, among them former UN Secretary General Trygve Lie, former Belgian premier Paul-Henri Spaak, and former CIA director John McCone; and through McCone's CIA contacts ITT had been "plotting" to "block Allende's election and, thus, interfere in Chile's free-election process." While he was at it, Anderson noted that ITT had developed an "association" with the Nixon Administration,

Anderson conceded, rather confusedly, that ITT hadn't actually *done* anything, despite the gleam in its corporate eye: The CIA plan was "too wild even for ITT" (and God knows that's *wild*); and ITT's attempts to enlist White House and State Department support got only a "polite but cool reception."

What, exactly, happened? Something like this: Allende sent ITT into a panic by winning the September election; one of his major campaign themes had been the nationalization of all telecommunications, which meant ITT's Chiltelco (Compania de Telefonos de Chile), the largest telephone company in the country and ITT's largest holding. At once ITT officials began casting about for ways to protect Chiltelco. The obvious way was to prevent Allende from



coming to power. But ITT couldn't do it alone. J. D. Neal of its Washington office therefore called two State Department officials to relay to them ITT President Harold Geneen's concern over the situation, and his offer "to assist financially in sums of up to seven figures." (ITT's Chilean holdings, threatened by Allende, approached a quarter of a billion dollars.) Neal also mentioned that ITT had been trying

unsuccessfully, to get other American corporations in Chile aroused over the danger to themselves. These calls got "polite but cool" replies.

There is no evidence that the State Department seriously considered (let alone accepted and put to use) the million-dollar offer; apparently ITT soon dropped the idea, for it is mentioned only once, in the earliest of the memos Anderson published. (The meaning of the offer was left unclear by ITT officials who testified before the special Senate Foreign Relations subcommittee. One denied that the money was intended to support either a coup or other political activity; another said it was meant to finance an anti-Allende runoff coalition; a third said the idea was to win Allende's favor by sponsoring farm and housing programs.)

Two weeks later, Senior Vice President E. J. Gerrity was approached by William Broe, then director of the CIA's Latin American operations. Broe had a plan to induce economic collapse in Chile through a sort of general strike of the big U.S. investors, in the hope that the chaos would lead to a coup before Allende could assume office. Gerrity passed the scheme on to President Geneen, expressing some reservations about it. Geneen agreed that it was "not workable," and added that ITT should handle Broe with great discretion. In any case, the plan never materialized. Other companies, including Ford and General Motors, wouldn't go along with it, being less directly threatened than ITT and hoping to work out some arrangement with Allende. ITT spent most of the two months between the popular election and the inauguration watching the situation get worse, and occasionally sending an ineffectual prodding letter to the State Department in the hope of inspiring a more assertive policy.

ITT had operated in Chile since 1927. In 1930 it received a fifty-year concession from the Chilean government, and under that contract organized Chiltelco. Though not a monopoly, Chiltelco held a special status, with contractually specified guarantees, privileges, and obligations. ITT notes that it has always been a "good corporate citizen" of Chile, regularly exceeding its obligations to the nation and multiplying the number of telephones in Chile nearly tenfold since 1930. Over the past decade, it has paid in taxes or

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*Chile cancels talks:*

Expose  
 ITT, CIA  
 role in  
 Chile

By BARRY RUBIN

U.S. Senate hearings on efforts by the Nixon administration and U.S. corporations to sabotage the Chilean government of Salvador Allende began having their repercussions last week.

Allende last week announced the suspension of economic talks between Chile and the U.S. in light of revelations during the Senate hearings of the Nixon administration's collusion with the International Telephone and Telegraph Co. (ITT) to overthrow Allende's Popular Unity (U.P.) government.

The most important new development has been the report that the top-level National Security Council allocated \$400,000 to the Central Intelligence Agency for propaganda to be used against Allende during the 1970 Chilean presidential election campaign.

Other testimony has revealed that ITT offered a \$1 million fund to help defeat Allende. Edward Gerrity, ITT vice-president for corporate relations, offered the excuse that the fund was to promote housing and agricultural grants to improve Chile's economy, but former CIA director John McCone testified that he had transmitted an ITT offer of the money to block Allende's victory to the CIA and the White House. Former U.S. ambassador to Chile Edward Kerry refused to comment on this or other questions of the hearings, including ITT memos which claimed Kerry was instructed by the White House to do all short of military action to prevent Allende from taking office.

Another memo from Anaconda Copper Co. recounts that Secretary of State William Rogers had raised the possibility of stopping U.S. sales to Chile from any business company. The comment was made at a September 1971 meeting of U.S. companies with investments in Chile.

Finally, Kerry told the hearings that the CIA had commissioned a poll on the election which predicted an Allende victory. The \$400,000 propaganda appropriation would have tried to counter that trend.

**ITT SEEKS COMPENSATION**

ITT is now trying to collect a \$92.6 million claim with the Overseas Private Investment Corp. (OPIC), a U.S. government-sponsored institution designed to reimburse companies which have overseas assets nationalized. But if the subcommittee hearings show that ITT helped provoke the nationalization, OPIC will not have to pay on the claim.

The details of ITT's 13-point plan, designed to insure that the Allende government would not "cancel the project over six months," were exposed in ITT memos uncovered and released in March 1972 by columnist Jack Anderson.

At that time, according to both ITT and the Chilean government, both sides were near agreement on compensation, but the Anderson revelations of ITT's attempts to overthrow the U.P. led the Chilean government to break off the talks. The U.P. government is now preparing to nationalize the Chilean telephone company, in which ITT owns a major share, worth about \$150 million. A constitutional amendment allowing for the nationalization is now going through the legislative process although the government has been operating the company since 1971.

In addition to its share in the phone company, ITT owns two hotels, an Avis car rental company, a small telex service and a phone equipment plant in Chile.

Talks on re-negotiations of the Chilean debt to the U.S. and on the resumption of purchase credits to Chile began last December and resumed March. The next day the talks were suspended by the Chilean government in response to the latest revelations. Chile owes the U.S. about \$60 million for repayments of debt from November 1971 to the end of 1972 out of a total debt of \$500 million. Another controversial question, which Chilean Foreign Minister Clodomiro Almeyda says is holding up an agreement, is the question of compensation for U.S. copper companies whose holdings have been nationalized. Cramerins has told the House of Representatives that the U.S. refuses to waive compensation.

Under a 1914 treaty between Chile and the U.S., the disagreement on copper compensation could be submitted to an international panel for non-binding arbitration. Chile has offered to use this means for arriving at an agreement, but the U.S. refuses.

Following the breakdown in talks, the Chilean ambassador to the U.S., Orlando Latelier, who also headed the Chilean negotiating team, returned home to confer with Allende on the latest developments. He is scheduled to return this week with Almeyda, who will be addressing the Organization of American States. The combination of Almeyda's presentation of Chile's case on nationalization, the expected resolution of Peru to remove the boycott and blockade against Cuba and the continuing struggle over the Panama Canal Zone, should make the OAS meeting heated and significant.

Other U.S. activities against the Allende government are documented in the January 1973 issue of *Latin America and Empire Report*, the magazine of the North American Congress on Latin America (NACLA). The NACLA report shows how the U.S. Export-Import Bank, the World Bank, the Inter-American Development Bank, private U.S. banks and suppliers have suspended or severely curtailed credits to Chile. While U.S. goods formerly accounted for 35 to 40 percent of Chilean imports, in 1972 they dropped to around 15 percent.

In the 1930s, Chile was the most favored recipient of Alliance for Progress funds and foreign loans. Thus, NACLA writes, "both the U.S. business community and the U.S. government understood by early 1971 that Chile was dependent on U.S. dollars in order to import needed goods" and that the elimination of this funding "pulled the prop out from under the dependent Chilean economy."

Now, in cooperation with the U.S. government, these banks have instituted an "invisible credit blockade" to produce shortages of spare parts, machinery and other goods needed by Chile.

In addition, NACLA reports, the U.S. government has sought to "isolate Chile from the capitalist world" by pressuring other nations to refuse financial aid to Chile. These can capitalist have, however, refused to follow the U.S. lead and agreed to most of Chile's debts owed to them in 1972.

There have even been some breaks among U.S. banks. Irving Trust, Bankers Trust and the Bank of America are carrying very limited business with Chile and various companies continue to trade on a cash and carry basis.

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April 10, 1973

CONGRESSIONAL RECORD — SENATE

was appointed Idaho's Internal Revenue Service director in 1951. Cal Wright was in the middle of Idaho politics.

His last entry into the political arena was in 1959 when he was the Democratic candidate for governor. In a Republican year he was defeated by Len B. Jordan in a campaign noted for being almost completely free of acrimony.

This was one campaign, however, that Wright, to use his words, "dipped" too much and allowed himself to get on the defensive. Later he told prospective office seekers that "you can never tip-toe into office, you must develop and be positive on the issues with all the conviction at your command."

In retrospect as one who is Wright's contemporary, I marvel at the rapport that existed between C. Ben Ross and Cal Wright because they were so dissimilar. But Ross saw in Wright the makings of a responsible and "effective public official and he proved to be correct.

Cal Wright was then a politician through and through. He loved the life, both in the Democratic party and in public service. But his is a personality that belied the "consummate politician." Democrat though he was, he was basically non-partisan.

The late Tom Heath of Preston, a former Republican state chairman and state senator, said about Wright that "he had the full support of his friends and the full respect of his opponents."

Doubtless future historians will agree that Cal Wright is indeed a "refreshing example" of a different type of politician; a type, in fact that did not exist before him and has not existed since he quit trying for elective office after 1950. Such gentleness and idealism that he exhibited in the face of ruthlessness and in rapport with political giants who oftentimes represented ruthlessness, deserves to be specially recorded.

Wright served his party as Cassia County chairman. He was a prominent Young Democrat. Before he won his first election as Cassia County auditor in 1934, he taught school and worked for the Bulk tin in Burley and the Minidoka News in Rupert.

Wright was recognized by his peers through the years as a "good newspaperman," and always in the back of his mind was a yen that perhaps someday he could afford to buy his own newspaper.

He sought and lost the Democratic nomination as state auditor in 1936 when Ross ran against the great Sen. William F. Borah and lost heavily. But in 1938, Wright at age 29, was elected state auditor and he was "hooked" as far as politics was concerned.

In his six years as state auditor, Wright looks back to two accomplishments. One was his fight against the Republicans to dismantle his authority by creating the office of comptroller. Wright won that battle in the Supreme Court in a landmark suit that is known to just about every law student who has come along since. The constitutionality and authority of the office of state auditor was clearly defined in that suit.

The second accomplishment was his obtaining an appropriation of \$50,000 from the legislature, a big sum in those days, to install the state's first general and uniform accounting system designed for computer accounting.

After he left the auditor's office in 1945, there was a private enterprise hiatus in Wright's life. For a year he published the Minidoka County News and spent some time in business in Wallace. For three years he served as manager of the Raymond Hotel and Greyhound Bus Depot in Lewiston, both owned by the late Tom Boise, sometimes described as a wild-shooter type Democratic politician. That was not an apt description of Mr. Boise, but he did have control of the Democratic party process in North Idaho.

Wright was called back into the political wars in 1950 and he handily won the Democratic gubernatorial nomination in a field of three. He lost to Jordan in the general election by 10,500 votes.

In 1951, Mr. Truman was literally a lame duck president. The Senate was holding onto his appointments until after the 1952 election when most everyone assumed a Republican president would be elected.

Wright was nominated as Idaho director for internal revenue. The Idaho senators were Republican Herman Welker and Henry Dworshak. Their respect and friendship for Wright was pre-eminent. They joined in sponsoring Wright and his nomination was promptly confirmed in the Senate. So the personal philosophy of a man whom the late Frank Burroughs, the Republican editor of the once-famous Idaho Pioneer, called a "square-shooter," paid off.

The appellation has paid off even more in the last 22 years. Despite the pressures of being a tax collector, Wright has demonstrated his basic "goodness" in talks before numerous civic and service clubs and other organizations about the job of collecting taxes for Uncle Sam.

He tells his audiences that "almost everybody is honest about his income tax returns, which is a tribute to the basic loyalty and patriotism of the American people." Or, he says:

"Every year before April 15 millions of good citizens sit down with income tax form 1040, examine their books and records—and their consciences—and square themselves with Uncle Sam for the cost of the blessings and problems of living in America."

After he gets some rest, it might be smart for the Internal Revenue Service to hire their former Idaho director to spread his tax collecting gospel across the land.

His feelings for the basic goodness of people came through in one of his statements about the reason for his retirement:

"It's the pressures of a tax collector's job, particularly after 22 years in the responsibility, although I have appreciated working with dedicated IRS employees in our difficult and sometimes unhappy duties in enforcing the firm and complex laws of our country. Fortunately, most people understand and are conscientious about their tax obligations to the government."

Wright has never shirked his civic duties and he is proud of his five-year service as Idaho federal chairman for Radio Free Europe. He visited the RFEW facilities in 1966 as a member of the American delegation.

Wright and Gwen Sathre of Burley were married in 1929. They have a son and a daughter and nine grandchildren.

#### THE PRICE OF NATURAL GAS

Mr. TOWER. Mr. President, early this Congress, I and several colleagues introduced S. 371, a bill to deregulate the price of natural gas at the wellhead. We have long felt that only through removing the Federal Power Commission from the regulation of interstate gas prices will the long-term interests of the American consumer be protected. Artificially low gas prices have led to overuse of our located domestic reserves and have discouraged exploration and development. In fact these prices are so low that if the price of domestic gas were allowed to double, it would still be less than half that of the FPC set price on imported foreign gas. It is my feeling that projected natural gas shortages and the dangerously increased reliance on foreign gas are attributable to the overregulation by the FPC.

However, it appears we have reason

for hope. John Nassikas, Chairman of the Federal Power Commission, recently came out in favor of decontrol of natural gas in an interview with the Oil Daily. Because I consider this long awaited news of considerable import, I commend that interview to my colleagues and ask that it be printed in the Record.

There being no objection, the interview was ordered to be printed in the RECORD, as follows:

#### PHASE-IN SUGGESTED—NASSIKAS FAVORS GAS DECONTROL

(By Jim Collins)

WASHINGTON.—John Nassikas, chairman of the Federal Power Commission, told the Oil Daily Wednesday in an exclusive interview that he favors, and will actively support, decontrol of new gas dedications to the interstate market.

Nassikas also told the Oil Daily that he would favor decontrol of flowing gas prices, after contracts covering this gas expire.

"Thus," he commented, "I am in favor of a phased-in decontrol plan on natural gas at the wellhead.

"However, while these are the convictions I have now reached, you must realize that the final decision is up to Congress.

"Congress must pass the legislation as amendments to the Natural Gas Act which would make these recommendations come alive."

The FPC chairman said that as important as phased-in decontrol of public lands, particularly offshore, on a timely basis, and in areas large enough, to make the incentives of higher prices on gas effective.

"We must have the areas available to explore," he commented, "when price incentives are provided for new development."

The FPC chairman said he positively favors decontrol of "new gas dedications" now—as soon as possible.

But, he said he wants to emphasize that the FPC must maintain control over flowing gas contracts, until they expire, and that abandonments under such contracts must also be subject to FPC approval.

The chairman indicated he had filed his recommendations with President Nixon, for possible inclusion in the upcoming presidential "energy message."

However, he declined to say just what recommendations he has sent to the White House.

The chairman also made it clear he stands ready to testify at legislative congressional hearings on wellhead price controls, as soon as legislation is introduced, after the President's message goes to Congress, perhaps about May 1.

#### THE ITT AND CHILE

Mr. CHURCH. Mr. President, as chairman of the Subcommittee on Multinational Corporations of the Foreign Relations Committee, I would like to bring to the attention of my colleagues the following newspaper articles about the recently concluded hearings held by the subcommittee, on ITT's operations in Chile.

It is gratifying to note the excellent coverage which was given to these hearings by media all over the country, and the great public interest which they have aroused. As the April 3 editorial in the New York Times concludes:

In their schemes to block the election of a Marxist President in Chile, both the CIA and ITT badly damaged the best interests of the United States.

PHILADELPHIA, PA.  
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APR 9 1973

## Why so generous in Chile?

When the International Telephone and Telegraph Corp. decided to participate in the political processes of Chile — that is to say, by attempting first to defeat the Marxist candidate for President, Dr. Salvador Allende, and then by subverting his regime — its officials offered to turn over \$1 million to the Central Intelligence Agency.

One of those officials, John A. McCone, was himself former director of the CIA. Another was ITT President Harold S. Geneen, who got together in a Washington hotel room with the then CIA chief of clandestine operations in the Western Hemisphere and made him an offer which the CIA man could and did refuse.

Senators who heard the ITT officials testify at Senate Foreign Relations subcommittee hearings have been aroused over the awesome irresponsibility of this kind of attempt by the American conglomerate at interfering in another country's affairs, and so they should be.

Another thought occurs, though. How come, when ITT decided to participate in the American political processes (and incidentally get that favorable antitrust ruling out of the Justice Department), it offered to bankroll the Republican national convention only up to \$400,000? Is subverting Chilean politics really twice-and-a-half as valuable as America's?

HARTFORD, CONN.  
TIMES

E & S - 135,812

APR 9 1973

## Liberties with liberty

*All that ITT did was to present its views, concerns and ideas to various departments of the U.S. government . . . This is not only its right, but also its obligation. The right is a very important constitutional right . . .*

Thus, with crocodile tears of passionate defense for American liberty, does Harold Geneen, board chairman of International Telephone and Telegraph, explain his giant corporation's attempted interference in the internal affairs of Chile.

But the founding fathers, in assuring the rights of citizens to petition their government, may not have expected citizens would address themselves to the clandestine-operations-and-subversion branch of the Central Intelligence Agency. The "constitutional right" Mr. Geneen cites has to do with publicly-acknowledged petitions to elected representatives.

ITT's machinations weren't publicly acknowledged at the time, and they were denied later — leading Senator Frank Church to suggest that someone must have perjured himself before a Senate subcommittee.

Mr. Geneen says he doesn't remember offering the CIA operative a million dollars to disrupt the Chilean economy and assure the electoral defeat of Salvador Allende. In fact, he says, he doesn't remember any money offer at all although if the CIA man remembers it that way, well, the CIA man is probably right.

And Mr. Geneen says he had no idea the CIA man was in charge of clandestine operations in Latin America. He was just the man to whom Mr. Geneen happened to have an introduction, which came from John McCone, former director of the CIA, who just happened to have been elected to the board of directors of ITT.

ITT would certainly have been justified in contributing to Allende's opponents, within the legal limits of Chilean law. It might even justify using its own leverage on the Chilean economy to show Chilean voters what economic perils an Allende victory might bring.

But either of those courses is a far cry from quietly offering to help the United States government disrupt the Chilean economy — including an 18-point list of suggestions.

Consideration of the offer and the disruptive ideas, incidentally, took place while the State Department was insisting that the United States' attitude in the Chilean election was one of "strict non-interference" — and while Congress was believing the State Department version.



# Bombing utterly illegal: Church

Chicago Tribune Press Service

WASHINGTON, April 8—Branding the United States bombing in Cambodia "an utterly illegal act," Sen. Frank Church (D., Idaho) says he will introduce legislation to prohibit return of any U. S. forces to battle anywhere in Indochina without congressional approval.

In an exclusive interview with The Chicago Tribune, Church, a ranking member of the Senate Foreign Relations Committee, says the U. S. "intends to remain . . . deeply imbedded in the politics and economics of Indochina for years to come."

Expressing total opposition to any form of reconstruction aid to North Viet Nam, Church says it can only be regarded as reparations or ransom, and "neither fit within my concept of peace with honor."

CHURCH ALSO hints strongly that the Nixon administration considered a major effort to prevent installation of Marxist Salvador Allende as president of Chile. The role of the Central Intelligence Agency—as revealed in hearings recently concluded by his foreign relations subcommittee—must have been stimulated "from above," Church says.

The questions and answers follow:

Q.—SENATOR, as you know, enemy activity has increased in Cambodia, and in response our own activity in the air has increased. What posture toward Cambodia do you think this country should take?

A.—Well, in the first place, there is no conceivable constitutional basis for the bombing of Cambodia. It is an utterly illegal act on the part of the President. While we still had troops in South Viet Nam, at least an arguable case could be made that the bombing was necessary for their protection while the withdrawal was under way. But now that the last of our troops have left, now

that the American prisoners have been returned, there is no possible constitutional basis for the bombing of Cambodia. We have no treaty obligation to Cambodia, Congress has authorized no military action against Cambodia, and there are no American servicemen in the field whose protection makes the bombing necessary.

Q.—THE ADMINISTRATION has not claimed any constitutional justification for this bombing. The only reason they have claimed is that this is an action they feel necessary to assure the enforcement of the cease-fire, to encourage—as their bombing of Hanoi and Haiphong did—some recognition on the part of the Communists in Cambodia that they are going to have to reach a cease-fire agreement. Do you object to that?

A.—Yes. If you accept such an argument as a justification, you simply acknowledge that this country is no longer a country of laws; that the U. S. Constitution—the supreme law of the land—has no further efficacy; and whenever the President and his appointed generals think it is desirable to bomb a foreign country, they are entitled to do so.

Q.—YOU CAN make a pretty good legal argument, but when you make it aren't you in effect making a public relations argument since the President is clearly getting out of Indochina? He is bombing while getting out of, rather than into, a war. Can you recognize that perhaps he might be given more latitude in getting out than he would otherwise be given?

A.—Well, President Nixon says the war is over. He has a settlement. He has withdrawn our troops. The United States is out of the war, except as the President chooses to keep us involved thru the bombing.

Q.—WHAT requirement do you think the United States has to enforce the cease-fire agreement?

A.—I don't think it's our responsibility to enforce the agreement.

Q.—BUT IT'S our agreement.

A.—But it's not our responsibility to enforce it by resuming American military action. You see, the complaint I have is that the administration has refused to quit this war. We still pursue the same mistaken policy, tho by other means. Instead of leaving Viet Nam, as the French did in 1954, we are retaining an American cadre of between 8,000 and 10,000 people in South Viet Nam. They've changed from khaki uniforms to civvies. Most of them are paid by the Pentagon. We're continuing to give all kinds of direct technical support to all elements of the South Vietnamese army. Others presumably will administer the aid program that the President proposes, including \$2.5 billion for North Viet Nam. We intend to remain there, deeply imbedded in the politics and economics of Indochina for years to come.

This is, I think, a grave mistake. It means that when this tenuous truce breaks up and fighting resumes, our posture will be such as to greatly increase the risk of our being ensnared in the war again.

Q.—YOU WOULD oppose then, I take it, anything like an airlift of the kind that Defense Secretary Elliot Richardson has talked about—to Phnom Penh in the event that it's completely cut off?

A.—Absolutely.

Q.—DO YOU THINK that if Cambodia fell to Communist control it would have any effect whatever on the South Vietnamese fight to self-determination to which we've committed ourselves not only by our involvement in the war but in the peace agreement?

A.—I think that if we had a modicum of common sense at the top in this government, the President would say at this point: "We've done everything that can be done in equipping South Viet Nam to defend itself. The United States has withdrawn its armed forces, and I have no intention of

dering them back again. Saigon has been given the tools to defend South Vietnam. From now on, it's up to Thieu."

To undertake to guarantee a truce that settles none of the issues over which the Vietnamese have spoiled for 20 years is simply to embroil ourselves in a ceaseless fire indefinitely.

Q.—YOU'VE JUST voted for an amendment which prohibits reconstruction aid for North Viet Nam.

A.—I'm absolutely opposed to an American program for reconstruction of North Viet Nam. If Hanoi needs help to rebuild, she should look to her wartime allies, Russia and China. There are only two ways you can look at our paying \$2.5 billion to North Viet Nam, either as bombing reparations, which is the way most of the world will look at it, or as ransom to induce Hanoi to keep the truce. But whether it's ransom to keep the truce or reparations for bombing, neither fit withing my concept of peace with honor.

Q.—IN 1970 THE Senate passed, 58 to 37, the Cooper-Church amendment to cut off funds for the bombing. What is the situation on that?

A.—Sen. [Clifford] Case [R., N.J.] and I have an amendment pending which we will bring up when the time is right that would prohibit the return of American forces into battle anywhere in Indochina, without the prior consent of Congress. The bombing of Cambodia would be included.

Q.—YOUR subcommittee recently held hearings on alleged interference in the politics of Chile to prevent Marxist Salvador Allende from coming to power. At the end of the hearings, you called the I. T. T.-CIA relationship in the affair "incestuous." [International Telephone and Telegraph Corp. and Central Intelligence Agency.] Who began that relationship, and was this ever resolved in the hearings?

LEWISTON, IDAHO

TRIBUNE

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## ITT, The Cia And The Church Committee

Testimony so far has thoroughly confused the initials ITT and CIA, to the point that members of the Senate subcommittee investigating plotting against Chile are wondering about possible perjury.

William V. Broe, a high Central Intelligence Agency officer, told Senators under oath that the president of the International Telephone & Telegraph Corp. offered the CIA a large sum to try to block the election of President Allende of Chile. Earlier an ITT vice president had testified that the money was offered to finance housing and technical assistance in Chile.

This is no doubt the first time anyone ever heard of using the CIA as an economic development agency, and it may be the last, if the Senators can determine who was telling the truth.

But there is further confusion. From the testimony so far, it is not clear who sponsored a proposal for American corporations in Chile to create economic chaos against Dr. Allende's Marxist

movement. Subcommittee Chairman Church of Idaho thought Mr. Broe proposed it for the CIA; Senator Case of New Jersey thought the initiative may have come from ITT. But the two agreed that Mr. Broe acted with the approval of his superiors in the CIA in discussing such things with ITT.

The immediate superior was CIA Director Richard Helms. A former superior was John J. McCone who by this time was an ITT vice president, and he told the Senators he had carried an offer of \$1,000,000 to Mr. Helms and a White House assistant for use in heading off Dr. Allende's election.

Witnesses have been insistent that nothing came from all the talks and all the money to be used for intervention in Chile. Maybe not, but we can almost hear Chileans talking now, not of "dollar diplomacy," but of million-dollar diplomacy. As for Americans, they ought to find the evidence of an interlocking directorate between the CIA and ITT a shocking example of corporate arrogance and of a distortion of public service. — St. Louis Post-Dispatch

WASHINGTON STAR

7 APR 1973

MILTON VIORST

## Bit Much, Even for the CIA

It apparently is true that, under the U.S. Code, it is not illegal for a group of corporate executives to sit in a Washington office and conspire, or solicit federal officials to join a conspiracy, to overthrow the government of Chile.

But the United States has a legal commitment under the Charter of the Organization of American States not to interfere in the internal affairs of Latin American countries — and it is clear that the CIA, fired up by ITT, was trying to do exactly that to keep Salvador Allende out of the Chilean presidency.

It might be said, of course; that in the end no substantive action was taken. But the testimony given to Sen. Frank Church's Foreign Relations subcommittee by CIA and ITT officials makes clear that the reason nothing was done was that no one could devise a plan that they agreed was likely to work.

Clearly, the United States did not desist from interference in the Chilean election as a matter of policy. In fact, the policy was quite the contrary. What was lacking, as it turned out, was a feasible means.

Having become rather cynical folks, we Americans might say to ourselves that this was just another — ho-ho — of those lovable CIA capers, the kind The New Yorker prints funny cartoons about, the kind that got us the Watergate.

But William Broe, the CIA operative who was at the center of this Katzenjammer episode, testified that he was acting on the authority of the CIA director, Richard Helms. And Helms has told the subcommittee privately that he never acted on policy matters without clear White House instructions.

So what we are talking about here are plans drawn up with the knowledge and consent of the National Security Council, at the least. And though we have no direct information, it would be naive to think that the President didn't approve, too.

What makes this story more unsavory than it might be if all we were proposing was to save the Chileans from communism, which we once thought had a certain idealism to it, are the recurring themes of money and cronyism.

The man who got this project energized is John McCone, paragon of the American establishment and former head of CIA, who went to Henry Kissinger and to Helms. McCone still is carried as a consultant to the CIA.

Did he make his recommendation out of patriotism? Maybe, but it is hard to believe he was not influenced by his membership on the ITT board and his considerable holdings of ITT stock. In fact, he seems also to control large holdings in Anaconda Copper.

Who could possibly suspect the motives of such a distinguished establishmentarian? But, let it be said, that if it were anyone else, the ugly words "conflict of interest" — ethical if not legal — would certainly be spoken.

Indeed, what is so stunning here is that ITT offered the CIA a substantial sum of money — much as it offered the Republican party a huge donation when it had an antitrust prosecution pending at the Justice Department — to intercede to protect its property in Chile.

Does the AFL-CIO give money to the Labor Department to influence trade union regulations? Do the pharmaceutical manufacturers subsidize the FDA to get favorable decisions on drugs?

It seems to me that the fitting response of any self-respecting public official, when a corporation executive walks into his office waving \$1 million to pay for the overthrow of the government of a friendly country, would be, "Sir, get the hell out of here and don't come back."

If he answers by scheduling a meeting to discuss it further, then, whatever the outcome, he's playing the dirty game. And it's just this game that has made every small country in the world suspicious of us. Certainly, the newest revelations will, justifiably, intensify everywhere distrust of what we stand for.

CARL T. ROWAN

## ITT Hurt U.S. in Latin America

When the next Latin American country goes Communist, or elects a Marxist government, slap this label across it:

### A PRODUCT OF ITT

Let it be clear that North American capitalism, especially the multi-national corporation, is under unprecedented attack in Latin America.

From Panama to Argentina the cry goes up that "Yankee imperialism" is the source of the miseries of vast millions of Latinos.

In the foreign ministries of country after country, I saw during a recent tour of Latin America, the complaint is that the United States has no foreign policy except that dictated by nervous, greedy corporations trying to protect their excessive profits.

In newspaper offices and on college campuses you hear the fiery claims that the United States is so much the gendarme of the status quo that she has made foreign aid and even the international lending agencies the tools of a cruel and greedy oligarchy that suppresses relentlessly the aspirations of the Latin people.

Alas, if there was much inclination left for Latin Americans to doubt any of these claims, that tendency toward giving Uncle Sam the benefit of doubt has been washed away in these extraordinary Senate hearings regarding the role of International Telephone and Telegraph in Chile.

When you cut through all the conflicting testimony, the dissembling, the phony rationalizations, you are left with the simple fact that ITT wanted to give a free hand to the Central Intelligence Agency to finance whatever dirty work was required to block the election of Salvador Al-

lende as president of Chile. To our government's credit, the offer apparently was rejected.

No one in Latin America, or the rest of the world for that matter, can be left with any conclusion other than that a giant American corporation was so money-hungry that it was willing to finance ANY tactic to determine and control the government of another sovereign nation.

And, in case you missed it, as Latin embassies surely did not, E. Howard Hunt, the convicted Watergate burglar and bugger, made an extraordinary appeal that the judge be merciful in sentencing him. Hunt asked the judge to consider his lifetime of patriotic deeds — like his leadership of the scheme to overthrow the government of Guatemala.

John McCone, former CIA director and now an ITT board member, seems to have offered the \$1 million to the CIA as though there were nothing immoral or amoral about it. He might have been offering some society matron a million bucks to build an orphanage.

And Hunt views his clandestine CIA operations in Guatemala as his greatest badge of honor.

What do we expect Latin Americans to think?

Is it any wonder that numerous priests and bishops would say to me that capitalism offers no hope of meeting the needs of Latin America?

Is it surprising that the Peruvian episcopate should call for "the public ownership of the means of production . . . and the subordination of capital to the needs of the entire society" or that it should ask the Vatican to acknowledge "the right of expropriation of

property and resources both when their ownership causes serious harm to the country, and when the unjust accumulation of wealth is accomplished within legal framework"?

Father Daniel Lyons, a conservative Catholic writer, was outraged by what he saw at the 10th annual meeting this year of the Catholic Inter-American Program in Dallas.

"Speaker after speaker kept attacking U.S. companies that have factories in Latin America," Father Lyons wrote. "Instead of trying to solve problems arising from foreign investment, they want to drive it out. Profit is a 'dirty word' to these ideologues of the Latin-American Division of our U.S. Bishops Conference."

If Father Lyons thinks North American and Latin churchmen are hard on U.S. corporations in Latin America, wait until he sees the Latin response to the ITT hearings.

The simple-minded will wish to exonerate ITT by assuming that they were driven to desperate straits when the impending election of Allende made almost certain the expropriation of ITT properties.

But the truth is that the policies of ITT and similar firms over a long period of time drove the Chilean people to elect Allende.

The short-sighted, greedy, immoral business operation has long been one of the United States' great burdens in Latin America. We as a people will pay an incalculable price in terms of new Cubas and new Chiles — unless these dismayed ITT shareholders awaken other companies to the urgent need to alter drastically their policies and practices.

9 APR 1973

Stephen S. Rosenfeld

## ITT in Chile: Sign of an End To Cold War?

Rather than just being unnerved by the revelations of ITT's misadventures in Chile, maybe we ought to go on to hail the case as the best real proof we've had so far of the end of the cold war.

For while the CIA was evidently dabbling with ITT on the theory that a Marxist government in Chile might pose some kind of political or strategic disadvantage to the United States, ITT saw the prospect of an Allende victory for what it was to ITT: a kick in the wallet.

Faithful old cold-warhorse John McCone, the former CIA director who'd signed on as a director to ITT, may have conceived of ITT's attempt to purchase a million dollars' worth of subversion from the CIA as an anti-Communist act tracing its lineage to the Berlin Airlift. That's what he told the Senate Foreign Relations multinational corporations subcommittee investigating the affair.

But Harold Gencen, president of ITT, seems to have had no similar illusions or divided loyalties. Not for him to make the claim that what's bad for ITT is bad for the country: he went to CIA as a businessman worried that Allende's election would hurt his firm.

In 1964 the CIA had played its part (still undetailed publicly) in a multifaceted American effort to help elect Eduardo Frei. Frei's Christian Democrats, who won, were then widely seen as the "last best hope" for setting a model of change for all of Latin America — an orderly reformist model congenial both to American political interests as then conceived and to American economic interests as still conceived.

In 1964, however, it seems fair to say in retrospect, the United States was still in the grip of two powerful ideas whose hold was to weaken through the decade to come. The first idea was that Fidel Castro—socialist, subversive, allied to Moscow—was a live force requiring some response by Washington. The second was that it was within the capacities of the mind to alter the events in a foreign country—in Chile no less than Vietnam—in a direction and pace of its own choosing.

Few would now argue that these two ideas have the same hold on policy. Cuba is not perceived as a menace (or a test case) of the same order as it once was. Vietnam is a special talent for controlling change

elsewhere has diminished. This may help explain why, when the U.S. government contemplated the election of a Chilean Marxist in 1970, some of the old political-strategic juices may have flowed but finally what was done was demonstrably short of what was needed to keep Allende from power.

Did ITT sense the implications of the change even before the U.S. government? In 1964, by its own account, ITT offered money to the CIA for the CIA's political purposes in Chile. In 1970, ITT offered money to the CIA for its own economic purposes. In the interval, the corporation perhaps thought, the world had been made safe for precisely the sort of old-fashioned economic imperialism—corporations expecting their government to help them make money—that had gone out of style in the decades of the cold war.

The very premise of the Church subcommittee's look at ITT-CIA was that there is no longer an overarching national security reason not to look. One cannot imagine, for instance, a Senate committee looking three years after 1964, or even now, at what the CIA may have been up to in Chile in 1964. Nor could one imagine, in an earlier period, that the CIA would let its director, plus its top hand for dirty tricks in Latin America, testify before a Senate committee.

I am familiar with the "revisionist" argument that American foreign policy, not only before World War II, but afterwards, was dominated essentially by considerations of commerce: winning raw materials, markets, investment privileges, and the like. The argument seems to be persuasive only to people who are already socialists or Marxists. My own view is that "political" considerations of power, status and fear were the stuff of the cold war.

Granted, the notion that the world may now again be safe or ripe for old-fashioned economic imperialism is a rather inflated conclusion to draw from the relatively slender evidence of the Senate inquiry into ITT. How can it possibly be what everyone had in mind when they hoped that superpower relations would learn to grow low. It would seem to be, nonetheless, one of the possibilities deserving further scrutiny as we all begin to see what lies on the far side of the cold

## ITT and CIA: Uneasy Riders

ITT President Harold Geneen had a tough choice. He could support ITT director John McCone's testimony that the \$1 million the giant conglomerate offered the United States government in September 1970 was meant to aid Chile's development. Or he could support his senior vice president Edward Gerrity's testimony that the offer was meant to block the election of Chilean President Salvador Allende. Mr. Geneen showed that at ITT the truth too is a conglomerate. He said he could not recall offering a CIA operative the \$1 million to undermine the Chilean elections but he would accept the operative's sworn word to that effect. And he said the offer had a "dual" purpose, development and political intervention.

On this ambivalent note, Senator Church's Foreign Relations subcommittee on multinational corporations concluded the ITT hearings, its first in a continuing series on the relationship between corporate activity and American foreign policy. That relationship, the hearings suggest, is deep and dark indeed: ITT, it turns out, had offered the CIA money to influence Chile's election in 1964; that offer was refused, although the CIA evidently was active in that election. In 1970, when it appeared that a Marxist, Mr. Allende, might be elected, ITT promptly went again to CIA. The corporation feared Mr. Allende might hurt its Chilean interests and it believed, or at least hoped, that the U.S. government remained interested in helping sustain "democratic" government in Chile. To its dismay, ITT found CIA in July in a hands-off posture. CIA refused its money, both then and later in September before the runoff election. But meanwhile, turning the tables, CIA suggested that ITT take steps to sabotage Mr. Allende in the runoff. Finding the suggested steps unworkable, ITT declined.

Anyone halfway familiar with the pattern of American involvement in Chile in the 1960s can scarcely avoid feeling that both the United States government and one or more American corporations doing business in Santiago entered the '70s with a certain mutual or parallel disposition to do *something* to help their friends in Chile again. Contacts were easily made on the highest level, information routinely exchanged: former CIA director McCone was by now, for instance, an ITT director. It seems to have been taken for granted that either the government or the corporation could and would influence the 1970 election. The only question was whether ITT would use CIA (which, the hearings showed, was acting not on its own but under appropriate supervision), or whether CIA would use ITT. In

the end, though both found an Allende victory unpalatable, neither would take direct responsibility for trying to stop him and neither would let the other use it for that aim.

Or is it the end? Understandably, the Senate hearings told much more of plans discussed in Washington than of acts committed in Chile. Yet the public record of events in and affecting Chile cannot be ignored. There was and is in that Latin nation severe economic dislocation and political ferment. Can any of it be laid to sabotage undertaken by ITT or CIA or—one is tempted to say—a combination of the two? The administration ostensibly took a hands-off stance in 1970. Yet then and since, the United States has used its influence in the international banks to block *all* new credits to Chile on the publicly stated grounds that Chile's financial condition and creditworthiness were shaky. By its own hints or deeds, has the United States contributed to the shakiness which it has cited to justify its policy on loans?

Given the secrecy available to governments and corporations, and given the charged political atmosphere between Santiago and Washington, it is illusory to expect that questions like these can be definitively answered. Precisely because they cannot, however, they must be asked: The issues they touch go to the heart of how American policy is conceived and conducted and how American interests are defined and served in the field.

It should go without saying that American taxpayers should not pay ITT its claim for expropriation insurance for its nationalized telephone interests in Chile, the more so that Chile's contention stands unrefuted that it was considering compensation at the time last year when the first disclosures of an ITT role in 1970 were made. Paying the insurance claim would be like paying hospital costs to a would-be burglar who, after bringing his jimmy to your window, tripped and fell on your garden hose while trying to flee. As to the dispute over the nationalized copper firms, and the issue of debt rescheduling, we would put these in the "too hard" basket, at least for today.

The new conventional wisdom holds that, with the worst of cold war over, economic activity is to move ever more closely to the center of American international affairs. The disclosures made at the ITT hearings, and the gaps left by the hearings, indicate how vital it is to scrutinize the interaction of corporate and official policy and to determine where best the national interest lies.

## The ITT-CIA Story

Just imagine this situation: "The United States is conducting a presidential election in which one candidate holds political views hostile to Super-Conglomerates Ltd., a mythical multinational colossus with home offices in Chile. SCL, as we will call it, approaches Chile's chief intelligence agency and offers up to \$1 million to finance any government plan to undercut the unwanted candidate. The agency is tempted but refuses since official policy, of course, is noninterference in the internal affairs of other countries. After inconclusive bal-  
loting throws the choice of a President into the Congress (which is possible under the U.S. Constitution), the Chilean agency reconsiders by offering a plan whereby SCL and other interested private companies would apply propaganda and economic pressure themselves to swing Congress against Mr. Unwanted. The scheme then develops one good attribute—it fails to come off.

How would you feel about this? Well, if you are John A. McCone, former director of the Central Intelligence Agency and presently a director of International Telephone and Telegraph Corporation, you would be "distressed" if any foreign government presumed to meddle in an American election. And you would be "even more distressed" if a private corporation tried to interfere for its own corporate purposes.

Yet, alas, this kind of thing seems to have happened in real life right out there in the real world. In 1970 there was a presidential election not in the United States but in Chile. One of the candidates was not Mr. Unwanted but Salvador Allende, currently Chile's Marxist president. And very worried about Mr. Allende was not Super-Conglomerates,

but none other than John A. McCone's own ITT. So Mr. McCone himself, who still acts as a consultant to the CIA, conveyed ITT's offer to subsidize covert operations to Henry A. Kissinger and the then CIA chief, Richard Helms. The CIA, in turn, later reciprocated by suggesting that ITT and other companies take private measures to block Mr. Allende.

This sorry story has been unfolding before the Senate Foreign Relations subcommittee on multinational corporations. To the credit of the Nixon administration, most evidence suggests that the ITT financial offer was spurned and the CIA, in the words of Senator Fulbright, was "going off on a frolic of its own."

Nevertheless, the ITT scandal cannot be written off because certain officials in the White House and the State Department behaved properly. One lesson to be learned is that private companies, and especially those of a multinational character, can do grave harm to U.S. national interests by using their American connection as leverage in the affairs of their host countries. Another lesson is the danger implicit in an intelligence agency that becomes too powerful, too independent, too uncontrolled.

For the time being, it is vain to hope for a refurbishing of the tattered U.S. image that emerges from this affair. The Organization of American States meeting opening in Washington today may attest to that. But if the Senate hearings promote more self-restraint among the multinational corporations and if they inspire the administration to continue its curtailment of CIA covert activities they will have served a purpose.

## *... And Curiouser*

Harold S. Geneen, the ITT president, capped the performances of previous company witnesses before a Senate subcommittee investigating the firm's dealings in Chile. After Mr. Geneen had danced nimbly around the contradictions of the case, Chairman Church of Idaho exclaimed that the testimony was getting "curiouser and curiouser." Little Alice's Wonderland expression is apt enough.

Commenting on a CIA officer's testimony that Mr. Geneen had offered a substantial sum to the CIA to finance an attempt to block the election of Chile's President Allende, Mr. Geneen said he couldn't recall the offer but would accept the testimony. He did concede that such an offer surfaced again, because an ITT director and former CIA director, John A. McCone, had said as much. But all the International Telephone & Telegraph Corp. ever did, Mr. Geneen insisted, was to present its views to various government agencies. Especially the CIA.

What is even curiouser is Mr. Geneen's comment on the testimony of another ITT executive that the offer of up to \$1,000,000 was not to block President Allende's election but to provide development aid in housing and agriculture. Well, said Mr. Geneen, it was a "dual offer" — either to finance an anti-Allende coalition or to finance development. Build a house or block a foreign election.

While the Senators are trying to figure out what to believe, the clear evidence of a cozy ITT-CIA relationship suggests one thing. That military-industrial complex of which the late President Eisenhower warned seems to have room for an intelligence-industrial complex, perhaps as a subsidiary.



## ITT, CIA and Chile

"WHAT did ITT really do in Chile?" The question is posed on the cover of an ITT public relations packet received here awhile back. The packet offers its own answer: "Nothing" . . . except such good works as providing employment, investing money and paying taxes, training students and operating the telephone company.

What International Telephone & Telegraph didn't do was subvert the democratic processes to prevent the 1970 election of Marxist President Salvador Allende. But as testimony before a U.S. Senate subcommittee is making pretty clear, it wasn't for lack of trying. The central plan, according to witnesses, involved an ITT offer of up to \$1 million to help finance CIA support for Allende's opponent.

John A. McCone, an ITT director and former head of the CIA, acted as the go-between. He said the offer wasn't intended for political sabotage but for more good works such as housing and technical assistance. But \$1 million doesn't go far in that market. It's a tidy sum, though, with which to buy off politicians.

Let it be admitted that ITT's fears about Allende probably were justified. Let it even be conceded that ITT had a right to seek protection for its Chilean investment in both Santiago and Washington. But to attempt to involve the U.S. government in the effort through an approach to its spying and sabotage specialists strongly suggests that what ITT had in mind was outright U.S. interference in Chile's internal politics. Fortunately, someone—perhaps as highly placed as Henry Kissinger—had the good sense to say no.

Still, ITT must have had some expectation—possibly on the basis of experience—that Washington would agree to the deal. Otherwise wouldn't McCone have advised a different approach? As it was, the CIA apparently offered a counter-plan of its own to create economic chaos in Chile, which ITT rejected.

All this suggests that the ultimate question is not what did ITT fail to get away with in 1970, but what has the CIA helped multinational corporations get away with on other occasions? If the Senate subcommittee probes far enough, what ITT did in Chile may seem, comparatively speaking, like "nothing."

SHEBOYGAN, WIS.  
PRESS APR 3 1973

E - 30,317

## ITT Affair

The admissions, denials and admissions revolving around that \$1 million that ITT offered the CIA has caused more intrigue in techniques and diverted attention from the central point. There seems to be more interest in how ITT tried to manipulate the CIA than in the fact that it attempted the manipulation.

First William Merriam who headed ITT's Washington office when the offer was made, told the Senate Foreign Relations Committee that he pressured the White House and the State Department to threaten Chile with economic collapse. The idea was to persuade the Allende government to "pay us off" after it expropriated the Chile Telephone Co. in which ITT owns 70 per cent. The company is said to be worth \$150 million.

Such pressure by an American company seeking governmental help in protecting its interests may be understandable, but it becomes downright suspicious after reviewing ITT's apparently special relationship with the administration. It was ITT which made that huge contribution to the Republican convention committee and which received special consideration in an anti-trust case.

The current affair became more sordid when John J. McCone, who once headed the CIA and is now an ITT director, admitted to the Senate committee that ITT did offer \$1 million to the White House to implement a plan which would assure defeat of President Allende.

Two points emerge. One can believe that President Allende is not serving the best interests of the Chilean people and yet insists that ITT or even the CIA has no business interfering in domestic Chilean affairs.

Secondly it is a bit frightening knowing that firms of ITT's size have millions of dollars available to buy governmental policies. The only encouraging aspect is that as far as we know now, the money was not accepted.

PHILADELPHIA, PA.  
BULLETIN

E - 634,371  
S - 701,743

APR 3 1973

## Interference in Chile's Voting

Testimony by a CIA official before a Senate committee has confirmed that the intelligence agency did play a part, if only a background part, in trying to head off the election of Dr. Salvador Allende as president of Chile in 1970. That part of the testimony given by William V. Broe, who was in charge of clandestine operations in Latin America at that time, indicates that the CIA action was confined to proposing that International Telephone and Telegraph Co. and other American firms bring economic pressure on Chile in the hope of swaying some members of the Chilean Congress to vote against Dr. Allende. But even that is hardly the kind of interference in the free elections of another nation that any agency of the U.S. government ought to be engaged in. Mr. Broe's testimony prompted Sen. Frank Church, chairman of the Senate subcommittee on multinational corporations, to observe that "very improper" moves were made.

True, that was not so bad as what the president of ITT, Harold Geneen, had proposed to Mr. Broe before the initial election was held. Mr. Geneen, according to the testimony, had offered the CIA a "substantial sum" to influence the election. Later, another ITT official, John A. McCone, former CIA director, had indicated willingness to put up one million dollars for a plan that would organize opposition to Allende's choice by the Congress.

The attempts to "buy" CIA services were quite properly refused. If the U.S. government ever feels it necessary to oppose actions in another country, it certainly should finance the operations itself. But more to the point is the impropriety of attempting to intervene in another country's election, directly or indirectly. Private corporations, we suppose, have a right to mix in politics in foreign nations where they operate. ITT undoubtedly had the right to oppose Allende, although it also had to run the risk of retaliation by him and his followers.

The fact was, of course, that Dr. Allende, an avowed Marxist, had announced his intention to expropriate the Chilean telephone holdings of ITT, worth an estimated 153 million dollars. Moreover, he followed through on his proposal, and no compensation has been paid thus far. The kind of economic pressure the CIA had suggested before Mr. Allende's election has been applied since then and undoubtedly has contributed to the difficulties that Chile has experienced in the last two years. The campaign has been led more or less openly by the Americans; but Dr. Allende came out of the recent congressional elections in a stronger position than before.

The problem of expropriation is still a very sticky one. But the problem of interference in another nation's election processes ought to be clear. Very simply stated, it is: stay out.

APR 3 1973  
 M - 66,673  
 S - 209,501

STAT

STAT

# ITT Chief Backs Agent's Version Of Money Offer

By DOUGLAS C. WILSON

Journal-Bulletin Washington Bureau

Washington — Harold S. Geneen, the chairman of ITT, said yesterday that if he ever offered to finance CIA activities in Chile, it was just an impromptu offer that was rejected and quickly forgotten.

Mr. Geneen told the Senate subcommittee on multinational corporations that he did not remember ever telling a CIA agent that ITT was willing to collect a "substantial sum" for the CIA to spend against the Chilean Marxist, Salvador Allende, in Allende's 1970 presidential campaign.

But he said he does not dispute testimony to this effect by a CIA agent, William V. Broe, who appeared before the subcommittee last week.

Mr. Geneen said he could have made such a proposal "in the shock of recognizing that our Chilean investment was going down the drain." One plank in the Allende platform called for expropriation of U.S. properties in Chile, including ITT's 153-million-dollar investment in the Chilean Telephone Co.

The CIA rejected the offer.

Also, Mr. Geneen confirmed two somewhat conflicting accounts of a later ITT money offer, saying that the company proposed giving up to a million dollars to support any U.S. government plan needed to block Allende's election or to make the marxist more friendly toward U.S. interests.

This offer was proposed with "a kind of dual purpose," Mr. Geneen said.

Sen. Frank Church, D-Idaho, the subcommittee's chairman, said that either purpose would "represent an improper intervention in Chilean politics," and Sen. Clifford Case, R-New Jersey, said

the ITT move was "provocative."

The Geneen testimony capped eight days of subcommittee hearings into ITT contacts with the CIA on the company's plans to influence Chilean politics.

As the hearings ended, Mr. Church said he is considering legislation to prohibit companies from offering money to the CIA for any purpose. "The wider the distances between these big businesses and the CIA," he said, "the better for all concerned."

Mr. Broe, who in 1970 was the CIA's chief of clandestine services, Western Hemisphere, told the subcommittee last week that Mr. Geneen met with him in July, 1970, and offered to raise a "substantial sum" to support one of Allende's opponents in the election, Jorge Alessandri, a conservative.

The meeting was arranged by an ITT director, John J. McCone, who also was a former CIA director then serving as a consultant to the secret agency.

Mr. Geneen said yesterday that his July rendezvous with Mr. Broe "was set up for me to get information. That's all Mr. McCone had in mind and that's all that I had in mind."

He said the "bulk of the conversation" was about the election outlook in Chile, and that his money offer must have been "an afterthought of some kind."

He conceded that he was "disappointed" when the CIA rejected the money, but added: "On further thought, I might have rejected it my-

The ITT chief said company policy in foreign countries is "a policy of not intervening — a neutrality policy, basically."

"You certainly violated this neutrality when you made your offer to Mr. Broe," Sen. Church said.

The subcommittee also questioned Mr. Geneen about the September money offer, which witnesses described in contradictory terms last week. Mr. McCone had testified that the company offered up to a million dollars to the administration for any "constructive" government plan to strengthen the anti-Allende forces in Chile and prevent an Allende victory, while ITT's Edward J. Gerity Jr., a senior vice president, said the plan was to "reassure" Allende.

Mr. Geneen contended yesterday that he had, at the time, both kinds of plans in mind: either something to encourage Allende's opponents, or — if that cause was lost — something to encourage Allende to take a friendlier attitude toward U.S. interests.

"If I were Dr. Allende," Sen. Case declared, "I would regard that (offer) as a provocative thing."

That would depend on what the second plan was," Mr. Geneen said.

"I don't think I would ever get over the first one," Sen. Case replied.

DAILY WORLD  
3 APR 1973

## ITT head admits anti-Chile fund

offer

## Special to the Daily World

WASHINGTON, April 2 — Pussy-footing through a maze of understatements, Harold S. Geneen, president of ITT (International Telephone & Telegraph) tried to make ITT's attempted rape of democracy in Chile as bland as milk toast.

Testifying before a Senate subcommittee today, Geneen acknowledged he had offered funds to the CIA to block the election in 1970 of Dr. Salvador Allende as President.

William V. Broe had testified last week that Geneen had offered to help finance activities to block Allende and the Popular Unity forces in Chile. Broe at the time was in charge of the Latin American department of "dirty tricks."

Geneen admitted meeting with Broe on July 16, 1970. The meeting was arranged by John McCone, former CIA director, who is now an ITT director, Geneen said. Richard Helms, who succeeded McCone and was director until

recently, knew of the ITT proposals.

Geneen did not admit directly what he had said, and carefully skirted issues. At one point he stated:

"I understand Mr. Broe recalls that I raised a question whether a contribution could be made through the agency to support a democratic candidate against Allende. He says he said 'no.'"

"I don't recall this part of the conversation, but it is a matter I might well have raised in view of my concern."

"Since I have no recollection to the contrary, I accept it."

Since the figure Geneen is alleged to have offered has been reported as \$1 million, it seems rather a big matter about which to have so little recollection.

Witnesses have also testified and documents attest that ITT officials engaged in discussions about crippling the Chilean economy after the 1970 election.

Geneen declared, "All that ITT did was to present its views, con-

cerns and ideas to various departments of the U.S. government. This is not only its right, but also its obligation." The claim that the use of corporation funds to control a foreign election is a "very important constitutional right" is a new angle for U.S. monopoly.

Geneen advanced this argument a step further, saying that "the management of any company has a direct obligation to the shareholders and to the employees to attempt to protect their interests."

Broe testified that, although the CIA rejected Geneen's offer, it later contacted top ITT officials about ways to disrupt the Chilean economy.

Reports from Santiago indicate that the Chilean government has suspended important talks on outstanding problems with U.S. officials as a result of the disclosures at the hearings held by the Senate Foreign Relations Subcommittee on Multinational Corporations.

## Misadventures on Chile

"Somebody has lied," Senator Frank Church said in reference to contradictory testimony before his Foreign Relations subcommittee on political schemes proposed for Chile by the International Telephone and Telegraph Corporation and the Central Intelligence Agency. Somebody certainly has, and it becomes even more imperative for the committee to establish who it was—now that I.T.T. chairman Harold S. Geneen has added to the evident contradictions in sworn testimony.

Mr. Geneen insists that the giant firm he heads "did not take any steps to block the election of Salvador Allende as President of Chile" and that an I.T.T. director "did not offer to contribute anything to the C.I.A.," in talks with Richard Helms, then director of the intelligence agency, and with Henry A. Kissinger in the White House.

But that I.T.T. director, John A. McCone, told the subcommittee on March 21 that Mr. Geneen had instructed him to inform Mr. Helms and Mr. Kissinger that the corporation was ready to contribute a million dollars or more "in support of any Government plan for bringing about a coalition of opposition to Allende."

Mr. Geneen insists that all I.T.T. did after the Allende Government took over its Chilean subsidiary in 1971 was "to present its views, concerns and ideas" to various Government departments in Washington. This, he said, was "not only I.T.T.'s constitutional right but also its obligation."

But William R. Merriam, an I.T.T. vice president, sent a letter and an "action" memorandum to a White House economic adviser in October 1971 with an eighteen-point plan for economic action to insure "that Allende does not get through the next six months."

Mr. McCone's testimony and Mr. Merriam's letter and memorandum could seriously jeopardize I.T.T.'s claim for \$92.5 million in compensation from the United States Government's Overseas Private Investment Corporation for the seizure of its Chilean properties. But the C.I.A. has also been severely tarnished in testimony before Senator Church's committee.

By making its own proposal to I.T.T. for waging economic war against Chile and thus, it hoped, persuading the Chilean Congress to reject Dr. Allende in 1970, the C.I.A. went wildly beyond any legitimate intelligence function and also disclosed incredible ignorance and naiveté about Chile's political situation.

If a State Department witness is correct in insisting that the official United States policy toward Chile, before and after Dr. Allende's election, was one of "nonintervention," it is evident that the C.I.A. once again was conducting its own foreign policy, "going off on a frolic of its own," as Senator Fulbright suggested, and raising anew the question whether there are effective controls over its agents and activities.

The close, confidential links between the corporate giant and the intelligence agency were unquestionably facilitated in this case by the kind of unhealthy relationship that ought to be barred by policy if not by law. Mr. McCone, who says he took the million-dollar offer to the C.I.A. and White House, was Mr. Helms' predecessor as head of the intelligence agency and still serves as consultant to it.

In their schemes to block the election of a Marxist President in Chile, both the C.I.A. and I.T.T. badly damaged the best interests of the United States.

# ITT Head Affirms Fund Offer

By Laurence Stern  
Washington Post Staff Writer

Harold S. Geneen, chairman of the International Telephone and Telegraph Corp., acknowledged yesterday that he twice offered large sums of money to the U.S. government in 1970 to block the election of Chilean President Salvador Allende.

The ITT executive, reputed to be the nation's highest paid corporate officer, gingerly stepped around contradictions in previous testimony by ITT officials and other witnesses which Sen. Frank Church (D-Idaho) declared might be the basis for perjury action.

Geneen said he could not recall making an offer of a "substantial fund" to a top Central Intelligence Agency official, William V. Broe, in July, 1970, to finance an agency effort to stop Allende.

But he stipulated that he would accept Broe's sworn version of their conversation during a late evening meeting in Geneen's room at the Sheraton Carlton Hotel here.

He said the offer to Broe might have been ill-advised, prompted by his "shock" at political developments in Chile where he feared confiscation by the Allende government of ITT holdings. The CIA declined his offer, he said, and the matter "died right there."

But the offer surfaced again in different form in September after Allende's popular election, Geneen conceded under questioning. It came in the form of a proposal conveyed by ITT to national security adviser Henry A. Kissinger and Richard M. Helms, then head of the CIA, to donate "up to a million dollars" toward a plan to block Allende's confirmation by the Chilean Congress.

Geneen's emissary this time was John A. McCone, Helms' former boss in the CIA, an ITT board member and also a CIA consultant. McCone first disclosed the mission in earlier testimony to the Senate investigators.

Geneen also disclosed that ITT had offered to contribute to the CIA in the 1964 election when Allende lost to Christian Democrat Eduardo Frei. The offer, he said, was turned down, as was the 1970 proffer to the agency.

For three hours under hot television lights Geneen spared his Senate questioners. At one point Church, chairman of the inquiry, exclaimed that testimony on ITT's role was getting "curiouser and curiouser."

Geneen was flanked by two lawyers and a bodyguard. Behind him sat a row of ITT's top corporate officers. His testimony marked the closing session of the inquiry by the Senate Foreign Relations Subcommittee on Multinational Corporations into the giant communication conglomerate's activities in the 1970 Chilean election.

In earlier sessions ITT vice president Edward Gerrity said Geneen's second offer of a fund "up to seven figures" was for some form of development aid in housing or agriculture. He was never aware, said Gerrity, of the purpose disclosed by McCone: to finance U.S. government efforts to block Allende's confirmation by Chile's Congress.

But the ITT official who was supposed to convey the offer of development aid to the White House and State Department said yesterday he had never been instructed to make such an offer. "I passed on the message I received," said Jack Neal of ITT's Washington office.

Gerrity conceded he might have failed to pass along that ITT was ready to underwrite a \$1 million contribution for development aid to Chile.

Geneen himself took the position that the million-dollar offer was a "dual" offer: It might have been allocated by the government toward financing an anti-Allende coalition in the Chilean Congress, or it might have been used for development aid. "It was intended to be a very open offer," he said.

"If I were Dr. Allende," interjected Sen. Clifford P. Case (R-N.J.), "and a non-friend offered a plan to a group of my enemies to defeat Case—or, if I were a should-win-the-election candidate, then I would regard that as provocative."

Geneen responded: "That depends on what the second plan was."

"I don't think I'd ever get over the first plan," Case snapped back.

"As the record now stands," said Church, "the beneficent plan, the constructive proposal, was never communicated to the government and died somewhere as it was being passed down to subordinates of the company. . . . Why was something so serious never communicated to the government?"

Geneen could not explain the communication lapse within ITT.

In his prepared statement Geneen said he used the magnitude of "up to seven figures" in order "to show a serious intent and to gain serious attention from the Government."

In presenting ITT's role in the Chilean affair, Geneen said, "all that ITT did was to present its views, concerns, and ideas to various departments of the U.S. government. This is not only its right, but also its obligation."

At one point Church interjected, "If all this involved was petitioning the govern-

ment, why did you seek out the CIA?" Geneen responded: "Because I think they are good suppliers of information in this area."

The ITT chairman said he did not realize in meeting with Broe, the CIA's chief of clandestine services for Latin America, what the distinction was between the clandestine and intelligence services of CIA. The purpose for which he requested the meeting, Geneen said, was to get cur-

rent information on political developments in Chile.

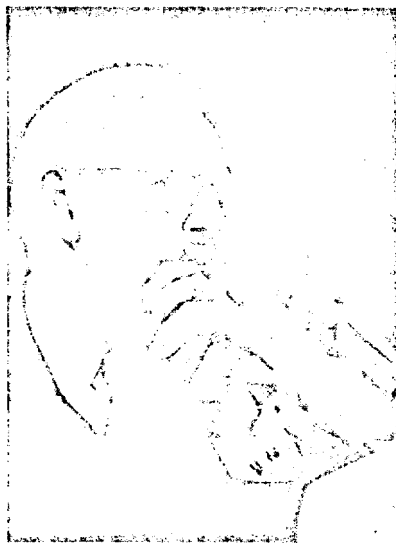
Normally intelligence briefings by the CIA are provided by its intelligence wing, the directorate of intelligence. The directorate of plans, for which Broe worked, is mainly responsible for covert operations such as political or economic sabotage.

... and More on ITT

Like the Watergate scandal, the tangled affairs of ITT keep coming back to plague the Nixon Administration. New disclosures before Congress last week lined out more strongly than ever the cozy relationship between the White House and the giant multinational corporation. And the common denominator was ITT's demonstrated eagerness to wheel and deal with Nixon officials behind the scenes so that official policy would mirror its own—whether the question was corporate-merger policy or the fomenting of revolution in Chile.

Part of the ITT scandal relates directly to the 1972 Presidential election and ITT's offer of funds—at least \$200,000 that was to be used to help underwrite the Republican National Convention—at a time when the company was seeking relief from government antitrust action. A House subcommittee began raking up those old coals last week by releasing summaries made by staffers of the Securities and Exchange Commission last October from some 34 boxes of ITT documents subsequently put under wraps by the Justice Department.

Some of the memos themselves were later made public by Idaho Sen. Frank Church's new Senate subcommittee investigating the influence of multinational



McCone: The uncool million

al corporations on U.S. foreign policy. Taken together, they showed the breezy familiarity of top ITT officials with Vice President Spiro Agnew, three top White House aides and three Cabinet Secretaries—including former Secretary of the Treasury John Connally—and the company's ultimate success in having the antitrust action favorably settled.

**Memo:** In the summer of 1970, top ITT executives saw Justice antitrust chief Richard McLaren as a fanatic opponent of mergers who was charging toward a courtroom showdown against Administration policy. An Aug. 7 note from Edward J. Gerrity, ITT senior vice president for corporate relations, to "Ted" Agnew—along with an accompanying memo—confirmed that Gerrity and the Veep lunched together on the same day that ITT president and chairman Harold Geneen and William R. Merriam, then head of the ITT Washington office, conferred on the subject with White House assistants John Ehrlichman and Charles Colson. And the memo indicated that Geneen had previously had "a very

friendly session" with then Attorney General John Mitchell, who has publicly denied any involvement with the case. "John made plain to him [Hal Geneen] that the President was not opposed to mergers per se," said the memo. "John said he would talk with McLaren and get back to Hal..."

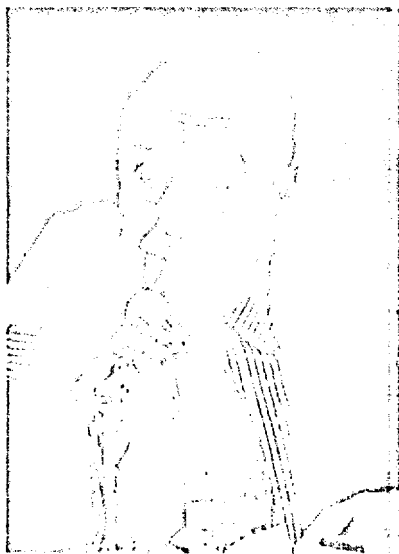
Both ITT and Administration officials have always insisted that their talks were not improper because they dealt only with antitrust "policy," not specific ITT cases. The documents released last week did not clearly refute that claim, but they did show a steady campaign to influence McLaren—with hints that specifics may indeed have been discussed. A letter from Merriam to Connally, dated April 22, 1971, mentions a 30-day

delay in court proceedings that followed a visit with Connally by Merriam and Geneen. "We are certain," Merriam wrote, "that you and Pete [Peter G. Peterson, then an assistant to the President and later Commerce Secretary] were most instrumental for the delay."

Merriam and Gerrity also showed up at the Church subcommittee hearings to tell about ITT plans for heading off the election of Marxist Salvador Allende Gossens as President of Chile. That ill-fated plot was first disclosed a year ago by columnist Jack Anderson, but testimony and documents made available last week suggested far more extensive consultation between the company, the CIA and the Department of State than had previously been suspected. Various plans envisioned creation of "economic disturbance," outright "chaos" and possibly military uprisings—all designed to prevent nationalization of ITT's \$150 million Chilean holdings.

**Spellbound:** But the week's star witness was diminutive, distinguished John A. McCone, formerly boss of the CIA and now a director of ITT. He held the subcommittee nearly spellbound as he told of personally transmitting an offer of up to \$1 million in ITT funds to Henry Kissinger and CIA director Richard Helms, McCone's "close friend." McCone said Geneen was prepared to support any government plan for creating a coalition to oppose Allende. Helms said he could provide funds for "some minimal effort" to stop Allende, McCone testified, but Kissinger never responded to the offer.

In any event, said McCone, the money was intended for housing, agriculture and technical assistance—not political sabotage. But none of the senators could accept the notion that after the expenditure of \$1.4 billion in U.S. aid to Chile, a mere \$1 million for "good works" could be expected to turn an election around in the six weeks before a parliamentary run-off. Under questioning, McCone agreed that he would be "very disturbed" if the expenditure of \$1 million by a foreign corporation were to influence a close American election. Snapped Church: "Don't you think the Chileans feel the same way?"



Merriam: A letter to Connally



# The Mystery of the Black Books

by Warren Hinckle III

*A saga of hotshot international espionage from the great days of Ramparts*

In New Orleans, as you probably know, the D.A. is called the "Jolly Green Giant." Jim Garrison is tall enough, and normally jolly enough, and, in his dealings with a cheating government and an ambush-primed press in the months and years after the Kennedy assassination, he showed himself green enough to earn the title, whatever the significance of the original nickname.

Most everyone also knows, in some snickering fashionable way, what happened to the District Attorney and his assassination investigation. In New York terms, he closed opening night. But somewhere back in the primordial ooze of the Garrison investigation there lingers a story that has never been told before. It is not an assassination story, it is primarily a mystery story, and it is not even a story about Garrison himself, although his interests at the time spurred on the events. There have been good reasons for the long silence of the participants, or victims, as the telling places certain people where they perhaps should not have been, and involves the violation, or alleged violation, of several laws of the land, among them those proscribing the unauthorized dealings by private citizens with the governments of unfriendly foreign powers. By now, though, Richard Nixon the Elder has left pecker tracks all over those previously clear ground rules, and one no longer knows if one is dealing with an old enemy or a new friend until one picks up the morning paper. So I will be indiscreet.

As the story quickly becomes caught up in the whirlpools and rapids of international intrigue, I will begin, as simply as possible, at the beginning—which, as is the case in many mysteries, was a conversation over a friendly drink about a proposition of dubious legality.

In the New Orleans Summer of 1968, Bill Turner, an ex-F.B.I. man

then working for *Ramparts* magazine, was chewing the conspiracy fat with Jim Garrison and enjoying a Southern bourbon without benefit of mint. Turner suggested that it would be nice to know what the Russians knew about the murder of John F. Kennedy. Assuming that they didn't do it, they doubtless had a pretty good idea who did. The thought of the K.G.B.'s bulging files on the C.I.A. lit Garrison up.

"Even if they'd cooperate," Turner said, "we could never make the approach from the D.A.'s office. The wolves out there would never stop howling if they caught us asking the time of day of the K.G.B." Garrison frowned.

Never mind that, said Turner. *Ramparts* would make the Russians an offer they couldn't refuse. I was the editor at *Ramparts* in those days, so what happened after that inevitably involved me.

It was a week later. In hot pursuit of his goal, Turner was having coffee in a San Francisco restaurant with a young man who had no name. He was the shady side of thirty-five, tall, tanned, sandy-haired, with high raw cheekbones and polished turquoise eyes. He was not a professional mystery man, although he was mysterious about his profession, and it would be as accurate to say he had several names as none, because names to him were as paper plates, to be used and then discarded. His primary employment, in the year and a half that *Ramparts* had known him, was that of a contract combat pilot for the C.I.A. He flew a Douglas B-26 out of Miami on itinerant bombing raids against the Cuban coastline. His targets were usually pedestrian objects such as oil tanks, although once he made a pass over a Russian-built radar installation. He had also flown aerial reconnaissance missions over the Central and South American airfields.

He had flown and fought in many

other places in the world at the drop of a dollar. His disillusion with the C.I.A. began when he worked for them in the Congo. "You can rescue nuns," the Agency had told him. He found himself shooting up supply boats instead. But he kept flying, partly for the money, which was good, partly because he was hooked on adventure, and the C.I.A. was the big Connection.

It is testimony to the perverseness of his world that—although he came to see himself as working for the bad guys, an employment he was loath to give up because he enjoyed the means if not the end—his dangerous compulsion to simultaneously do something for the good guys was limited by his inability to find any. He had once tried an undercover assignment for the federal nares, but their bumbling ways nearly got him killed. Given the paucity of angels, he latched onto *Ramparts* as a reasonable alternative to evil and a place where double agents were granted instant status as war heroes. As often as he was in the office, and visiting our homes, there remained a restive quality about him, a separateness, as if he were lonely out there in the cold and wanted companionship, yet didn't want to come all the way in.

We called him Jim Rose. At least that was the name by which he was known to everyone on the magazine, including one of the secretaries with whom he took up housekeeping between derrings-do. But he had a name for every day of the week. He was Jack Carter when he worked in Miami, until later he became too hot and decided to "kill off" Carter by simulating a plane crash at sea, thus discouraging the spoilsports in the F.A.A. from inquiring further into the checkered history of Carter's flight plans. He had several newspaper clippings regarding his own death, which he would exhibit with the eager shyness of someone showing you an appendix scar or bottled gallstone.

CHICAGO, ILL.  
NEWS

E - 434,849

APR 2 1973

## The sordid tale of ITT

The story of the International Telephone and Telegraph Corp.'s machinations against the Allende regime in Chile is now being aired by a Senate committee. It is a distasteful story.

Any American company doing business abroad has the right and duty to take all legitimate steps to protect its investment and the interests of its stockholders. But when a U.S.-based multinational giant like ITT engages in activities bordering on subversion in a host country, it is asking for serious trouble and playing into the hands of governments eager to besmirch all such conglomerates. President Allende and his Communist-Socialist allies could not, at their worst, have damaged the cause of multinational U.S. firms as ITT did by its ill-advised attempts to intervene in Chile's electoral processes — in which ITT was beaten at every turn.

The affair is made doubly sordid by ITT's moves to enlist the aid of the White House and the CIA in its cabal

— and its offer to contribute \$1 million to help underwrite subversion in Chile. The offer was made by John A. McCone, respected former head of the CIA and now an ITT board member.

In the end, according to McCone, the CIA did nothing and the White House also declined to take up the cudgels for ITT. Later, after Allende had been elected and expropriated ITT's properties, the conglomerate submitted an elaborate plan to the White House to prevent Allende from weathering his next six months in office. ITT officials insist this was simply a ploy to force Allende to compensate it for its lost properties. But his hardly squares with the earlier efforts related by McCone to head off Allende in the first place.

Much more needs to be explored by Senate investigators. Allende is a demagog, openly hostile to the United States. But Chile is a sovereign country, and neither ITT nor any other multinational company has any business intervening in its elections.

M - APR 66, 673 1973  
S - 209,501

STAT

# The ITT-CIA 'Affair'

STAT

By DOUGLAS C. WILSON

Journal-Bulletin Washington Bureau

Washington—The current Senate probe of ITT involvement in Chile is uncovering a bizarre story: company offers of money to the CIA, and plans by both the secret agency and ITT to interfere with Chile's 1970 presidential election.

The investigation also is raising obvious questions about proper and improper relations between countries, and more fickle questions about correct relations between the U.S. government and American-owned corporations, and between these corporations and the foreign countries where they operate.

The information gathered so far by the Senate subcommittee on multinational corporations points to two conclusions that touch these issues directly:

1. ITT and at least one arm of the U.S. policy-making apparatus, the CIA, apparently sought to violate a basic principle which is proclaimed to be a part of our foreign policy.

2. ITT and the CIA dealt with each other so intimately on Chilean matters in 1970 that, in the words of the subcommittee's chairman, Sen. Frank Church, D-Idaho, "they had a little thing going" with

the CIA "being lobbied by the ITT."

## Economic Pressure

Testimony taken by the subcommittee last week disclosed that the CIA proposed to ITT a scheme to stir up votes against the candidacy of Marxist Salvador Allende in Chile's 1970 elections before he was elected to the presidency.

William V. Broe, who was then the CIA's chief of clandestine services, Western Hemisphere, said his agency's idea was to get ITT and other companies to exert economic pressures on Chile to solidify Allende's opposition. He said ITT rejected the suggestion

on grounds that it was "unworkable."

Charles Meyer, who served in 1970 as assistant secretary of state for inter-American affairs, swore to the subcommittee Thursday that U.S. policy throughout the Chilean elections was one of non-intervention in Chilean political affairs.

The policy described by Meyer was in line with a cardinal principle that the United States and other nations of the hemisphere endorsed in 1918 when they signed the charter of the Organization of American States:

## Rule Broken

"No state or group of states has the right to interfere, directly or indirectly, in the internal or external affairs of any other state," the charter says. "The foregoing principle prohibits not only armed force, but also other forms of interference or attempted threat against the personality of the state or against its political, economic and cultural elements."

The United States has broken this rule on occasions like the Bay of Pigs invasion of Cuba in 1961 and our later intervention in the Dominican Republic.

Now there is evidence that the CIA and ITT each sought to break the rule with Chile, in 1970. From the Latin American view, these new disclosures will probably be seen as new insults to some old injuries.

When the ITT-Chile hearings opened two weeks ago, ITT issued a press release saying that the company "never attempted improper action in Chile." But Broe told the subcommittee in sworn testimony that ITT offered

a "substantial sum" of money to the CIA on July 16, 1970, to be used against Allende in Chile's election.

The company feared an Allende victory because the Marxist was threatening to expropriate all U.S. properties including the ITT-owned Chilean Telephone Co.

## Offer Rejected

Later, as President, Allende did expropriate the ITT company; he also broke off negotiations on compensation for the company a year ago when ITT documents against Allende, written in 1970, were widely published.

Broe testified last week that Harold Geneen, ITT's top executive, in 1970 had offered an

undisclosed amount of money for the CIA to use in support of one of the candidates opposing Allende, the conservative Jorge Alessandri.

The CIA man said his agency rejected the ITT offer because the administration was following a hands-off policy in the election.

Geneen is scheduled to answer questions about his offer tomorrow.

The subcommittee criticized the proposals made by the CIA and ITT and also the surprisingly cozy relationship that developed between the two organizations.

The initial ITT-CIA meetings in 1970 were between CIA director Richard Helms and John J. McCone, a former CIA director who had left the agency in 1965 to become a director of ITT. McCone in 1970 was still a consultant for the secret agency, as well as a director of ITT, and Helms was "a close personal friend," McCone testified.

## ITT Worried

Certainly John McCone was a useful man for ITT to have.

McCone told the subcommittee that he got Helms to

arrange the July 16 meeting between Broe and Geneen, to discuss the Chilean situation. He said making such an arrangement "would be a natural thing for me to do."

McCone said ITT was worried about expropriation, and — he added disarmingly — the U.S. government has always been concerned about the rights of its citizens."

The fatherly, white-haired gentleman was not asked how many citizens can get the CIA to consider helping them with their problems. ("The whole case," Church says, "is replete with the Old School Tie type of government.")

## CIA Frolic

McCone indicated no knowledge of Geneen's money offer to Broe, however. More contacts followed—between Broe and an ITT vice president, William R. Merriam. While the CIA had rejected ITT's attempt to raise a fund for Alessandri, the two sides exchanged the information each was getting on the election prospects in Chile.

On Sept. 29, Helms directed Broe to meet an ITT senior vice president, Edward J. Gerrity Jr., at ITT's headquarters in New York, where Broe proposed the plan to create economic troubles in Chile.

Sen. J. William Fulbright, D-Ark, suggested to former assistant secretary Meyer that the whole sequence of events indicated "the CIA was going off on a frolic of its own, at the request of Mr. McCone, without even your knowledge."

But this time ITT wasn't interested in the frolic that the CIA was proposing. Gerrity rejected the idea as "unworkable."

The ITT men did have something else in mind, how-

Continued

# ITT and CIA on Chile: A Semblance of Influence Over Politics

By Laurence Stern  
Washington Post Staff Writer

The most lurid of Marxist propaganda parables against the excesses of U.S. imperialism couldn't have been plotted with more heavy-handed caricature than the ITT saga in Chile, as it has unfolded the past two weeks in a Senate hearing room.

There was the giant American corporation coniving with the Central Intelligence Agency to subvert by clandestine economic warfare an elected left-wing government in Latin America.

There, also, was a senior figure of the American industrial elite, John A. McCone, serving as go-between for the CIA he once headed and International Telephone and Telegraph on whose board he sits.

There was, furthermore, the spectacle of ITT executives lobbying officials of the National Security Council, the top-secret policy arm of the White House through which the President directs American foreign operations.

The case has propelled into the limelight as CIA's operational contact man with ITT a government official with the most tantalizing job title in town, William V. Broe, chief of clandestine services, Western Hemisphere, of the CIA's Directorate of Plans.

The centerpiece of this intriguing jigsaw has been ITT itself, whose motto—"serving people and nations everywhere"—well describes its multinational and conglomerate scale of operations. ITT, the nation's eighth largest industrial corporation, functions as a global subgovernment in more than 70 countries. It reported \$3.5 billion in sales and revenues during 1972.

Starting with the modest base of the Virgin Islands telephone company at the beginning of the 1920s, ITT rapidly branched out around the world under the economic management of a Danish entrepreneur, Sosthe-

nes Behn, who became a naturalized American citizen when the United States bought the Virgin Islands from Denmark in 1917.

## Corporate Involvement

By World War II, according to Justice Department records, a German subsidiary of ITT was an owner of the company that produced

the Luftwaffe's Focke-Wulf fighter while an American subsidiary was building the "Huff-Duff" U-boat detector for the U. S. Navy. After the war ITT collected several million dollars in damages from the U.S. Foreign Claims Settlement Commission for allied bombing damage to the Focke-Wulf plants, according to government records.

And so ITT's problems in Chile came against a background of broad corporate involvement in international relations.

Two weeks of public hearings by the Senate Foreign Relations Subcommittee on Multinational Corporations have provided a rare glimpse of the interrelationship between corporate interests and public policy in the conduct of U.S. foreign relations.

But it is by no means a picture of clear-cut collusion. In fact, there was some evidence of disarray within the administration toward the assumption of power in September, 1970, of the first elected Marxist government in the Western Hemisphere, as the administration of Chilean resident Salvador Allende was called.

The professed position of the Nixon administration toward Allende's election was one of strict neutrality. This was reiterated during the Senate hearings by former Assistant Secretary of State for Inter-American Affairs Charles Meyer and former

"operational" contacts with ITT, which included agency-drafted and approved plans for sabotage of the Chilean economy, were carried out with the complete approval of his superiors.

## Explore Options

His superior at the time was CIA Director Richard M. Helms, who reports to the National Security Council which in turn reports directly to the President through national security adviser Henry A. Kissinger.

It is inconceivable to those familiar with the tightly managed White House national security system that such a mission as Broe conducted with ITT officials in late September, 1970—before the Chilean congress met to ratify Allende's popular election—was without full NSC approval.

How did this square with the policy of neutrality to which both Kerry and Meyer attested? Meyer suggested that there was no inconsistency. The government maintained the right, he said, to explore options.

Subcommittee members reacted with skeptical grumbles. Had ITT decided to carry out Broe's suggestions, Chairman Frank Church (D-Idaho) pointed out, the "option" would have become an operational policy. ITT, as it turned out, felt the plan was unworkable. As formulated by Broe and the agency, it would have been up to ITT to execute on its own.

The gist of the plan was for a group of American companies, under ITT prodding, to use their financial clout to accelerate—as Broe testified—"the deteriorating economic situation" in Chile. The objective was to turn wavering Christian Democratic congressmen away from Allende in final balloting.

In his conversations with ITT Vice President Edward Gerry, Broe told the subcommittee, "it was understood that the CIA was not

involved. It was ITT which was looking into the thing."

That testimony was crucial, for it may have illuminated the National Security Council decision in early September, 1970, for dealing with Allende's imminent election in the Chilean congress the following month as the hemisphere's first constitutionally chosen Marxist chief of state.

The indications in the investigation, never publicly confirmed by a government witness, were that the CIA was authorized to explore various covert options designed to prevent Allende from taking power. These actions fell in the shadowy region between public policy and clandestine operations that might be carried out without the public sanction of the administration.

ITT was the chosen instrument because of the previous approaches of McCone and ITT Chairman Harold S. Gencen, prior to Allende's popular election.

ITT, as Broe testified, "was the only company that contacted the agency and expressed an interest in the current situation in Chile."

The administration may well have reacted with some trauma to Allende's popular election victory since, according to the testimony, CIA polls have inaccurately predicted the election of his opponent, Jorge Alessandri, candidate of the conservative National Party.

The CIA's rejection of Gencen's overtures the previously July for intervention in Chile could have resulted from the agency's misreading of Allende's election prospects. By its own testimony, Gencen's proffer of "a substantial fund" to finance an anti-Allende plan was unattractive to the CIA.

What the testimonial pattern suggests is that as political events crystallized in Chile, the CIA and ITT were pursuing increasingly congruent goals: further roll-back of Allende's already dis-

# C.I.A.'s Action On Chile Unauthorized, Ex-Aide Says

By EILEEN SHANAHAN  
Special to The New York Times

WASHINGTON, March 29—

Charles A. Meyer, former Assistant Secretary of State for Inter-American affairs, said today that, so far as he knew, the Central Intelligence Agency was never specifically authorized to explore the possibility of using private American corporations to damage the economy of Chile to influence the 1970 election there.

But Mr. Meyer, now a Sears Roebuck executive, refused to criticize the C.I.A. for discussing this line of action with International Telephone and Telegraph Corporation officials, saying that such "exploration" did not necessarily violate the basic United States policy of noninterference in the Chilean election.

Strong doubts about the propriety of the C.I.A.'s action were expressed by Senator J. W. Fulbright, chairman of the Senate Foreign Relations Committee, and Senator Frank Church, Mr. Church, Democrat of Idaho, heads the subcommittee on multinational corporations that is investigating the activities of I.T.T. in Chile.

Senator Fulbright, Democrat of Arkansas, said that it looked to him as though the C.I.A. was "responding to a request by a former director of the C.I.A." rather than to governmental policy and was "going off in another direction."

Earlier testimony had disclosed that John A. McCone, former C.I.A. chief who became a director of I.T.T., went to Richard Helms, his successor at the intelligence agency, to

suggest that the Government take steps to prevent the election of Dr. Salvador Allende Gossens as President of Chile.

Dr. Allende, a Marxist, had campaigned on a platform of nationalization of basic industries in Chile, including the telephone company of which I.T.T. was the principal owner.

Senator Church asked Mr. Meyer whether the top-level governmental agency that is supposed to approve the intelligence agency's operations in advance—it is known as the

40 Committee—had ever decided as a matter of policy that the C.I.A. should explore the feasibility of stirring up economic trouble in Chile.

"To my certain recollection, no," Mr. Meyer replied.

But he and subcommittee members engaged in a long and inconclusive wrangle over whether the discussions between an I.T.T. officer and a C.I.A. official constituted "policy" or "action" that required such advance approval.

The discussions were held by William V. Broe, former director of clandestine activities in Latin America for the agency, and Edward J. Gerrity, the company's senior vice president for corporate relations and advertising. They saw each other in New York in late September, 1970, after Dr. Allende had won a plurality but not a majority of the popular vote. The Chilean Congress had yet to make the final choice of a President: it chose Dr. Allende on Oct. 24.

What Mr. Broe discussed with Mr. Gerrity was the possibility that American banks might cut off credit to Chilean lenders and other American

businesses slow deliveries as a means of creating enough economic problems in Chile that members of the Congress would have second thoughts about electing Dr. Allende. A cutoff of technical help was also discussed.

Mr. Broe testified that he had given Mr. Gerrity a list of American companies doing business in Chile that might be helpful in creating economic problems, but said he had given no instructions that I.T.T. go in touch with them.

Mr. Gerrity and, later on, the company's board chairman, Harold S. Geneen, rejected the whole idea because they thought it would not work.

Mr. Meyer conceded under questioning that if the plan had been adopted it would have constituted a change in the policy of noninterference that would have required approval at a higher level than that of directors of the C.I.A.

The director, Mr. Helms, had instructed Mr. Broe to explore the plan with Mr. Gerrity.

Senator Church said, however, that he was "afraid that I.T.T. did successfully lobby the C.I.A. on behalf of a covert operation, without policy approval."

"That's how this committee's record stands," he added.

Mr. Meyer also testified that no one from the company had

ever spelled out to him the purpose for which it offered the Government up to \$1-million for use in Chile. Mr. Gerrity had testified that the money was for "constructive" purposes, such as subsidies for low-cost housing, and said this had been made known to Mr. Meyer.

Other witnesses and some internal company memoranda indicated that the money was for financing an anti-Allende coalition in the Chilean Congress.

Senator Church, after hearing Mr. Meyer's statement about the \$1-million offer, said that it was "obvious that somebody is lying and we must take a very serious view of perjury under oath." He said the transcript of the hearings would be turned over to the Justice Department for review and possible filing of perjury charges.

In another highlight of the day's proceedings, Felix Rohatyn, an I.T.T. board member, disclosed that the board had not been informed of the \$1-million offer. He said that in a company of that size—it is the sixth largest American corporation, with assets in the billions—decisions involving \$1-million were often made without the knowledge of the board.

# Senate ITT Inquiry to Consider Possibility of Perjury Action

By Laurence Stern  
Washington Post Staff Writer  
Sen Frank Church (D-Idaho)

declared yesterday that "somebody is lying" in sworn testimony given to his subcommittee investigating ITT's efforts to change the course of the 1970 presidential election in Chile.

He said he will recommend that fellow subcommittee members review the testimony to determine whether it should be forwarded to the Justice Department for prosecution.

Church singled out no particular witness in making his charge. But the senators have heard many contradictory assertions about ITT heard chairman Harold S. Geneen's offer of a large sum to the Nixon administration in connection with an alleged plan for government intervention against Marxist-Socialist candidate Salvador Allende.

In addition to the possibility of perjury action, the Church hearings may decisively influence the fate of ITT's \$92.5 million claim on the Overseas Private Investment Corp., a government agency, as compensation for Chile's seizure of ITT's telephone company subsidiary in 1971.

Church is chairman of the Senate Foreign Relations Subcommittee on Multinational Corporations, which has conducted two weeks of hearings on the ITT Chilean affair.

The subcommittee heard yesterday from Charles A. Meyer, former assistant secretary of state for inter-American affairs, who asserted that the Nixon administration remained firm in a policy of non-intervention in Allende's election during 1970.

At the same time, Church released additional testimony yesterday from William V. Broe, former CIA chief of clandestine operations in the Western Hemisphere, saying that he transmitted to ITT a plan formulated by the CIA staff to promote economic unrest in Chile in hopes of blocking an Allende victory.

Broe said the proposal was "staffed . . . passed on by people who work for me." He added that "I went upstairs and I was sent out to check out if they made any sense at all."

By "upstairs" Broe presumably meant his superiors in the CIA.

The CIA operative, who is still in the agency's employ, referred to his discussion of the anti-Allende plan with an ITT vice president, Edward Gerrity, as an "operational" discussion.

When confronted with the CIA man's testimony, Meyer said he saw "no inconsistency" between Broe's actions and the non-intervention policy to which he said the Nixon administration adhered.

But he also acknowledged that he was unaware of Broe's approaches to ITT although he participated in one meeting of the National Security Council's senior intelligence review committee for operations at which the Chilean political situation was reviewed.

"I suspect one hand didn't know what the other was doing," exclaimed Foreign Relations Committee Chairman J. W. Fulbright (D-Ark.) The Central Intelligence Agency, Fulbright charged, was "going off on a frolic of its own" in response to ITT pressures brought by former CIA director John A. McCone, an ITT board member, and others.

"Is the CIA working for the United States or for ITT and McCone?" asked Sen. Clifford P. Case (R-N.J.) "We have testimony from McCone and others that ITT was lobbying the government, having conversations with Henry Kissinger and the CIA."

McCone testified last week that he relayed to Kissinger and then-CIA director Richard M. Helms an offer by Geneen to contribute as much as \$1 million for a U.S. government plan to thwart Allende's election in 1970.

Meyer took the position that Broe's mission was to "explore options" for action in Chile but was not in itself a reversal of the U.S. policy against intervention in the election.

Meyer refused to answer questions from subcommittee members on what specific instructions were given to former CIA Director Helms by Broe. He said the CIA operates under Kissinger's direction, for the contacts with ITT. The former State Department policy maker stuck to his position that the National Security Council policy group maintained its stand against intervention by economic and any other means.

Then we must assume," said Church, "that what was being done by the CIA was done on its own, CIA was being lobbied by ITT and they had a little thing going."

Helms testified to the subcommittee in closed session on March 5 before leaving for his new post as Ambassador to Iran, but there is no intention at this point of releasing his statement.

Meyer also contradicted previous testimony by Gerrity of ITT that a member of the corporation's Washington staff, Jack Neal, transmitted to him a Geneen offer to spend up to \$1 million for housing and social development in Chile. Meyer said he recalls neither the figure nor the purpose ever being mentioned to him by Neal.

A former White House adviser on international economic policy, Peter G. Peterson, told the subcommittee that at the request of White House aide John Ehrlichman he met with Geneen on Dec. 14, 1971, to discuss the ITT's expropriation case in Chile.

The Geneen meeting was arranged, said Peterson, at the request of ITT's former Washington office director, William Merriam. Peterson said "I didn't take any action I can recall" as a result of the luncheon meeting with Geneen, which was also attended by Gen. Alexander Haig, then Kissinger's deputy.

Peterson recalled that after the meeting ITT sent him an 18-point "action plan" designed to cripple Chile's economy and, in the words of its author, "see that Allende does not get through the crucial next six months."

The plan, said Peterson, did not receive serious consideration by the Nixon administration.

Viken K. Vaky, a former member of Kissinger's National Security Council staff specializing in Latin American affairs, testified that he was in the White House in September, 1970, and was told that Geneen was "prepared to spend up to several million dollars to influence the election."

But Vaky testified he did not recall what the purpose of the grant was to be. Vaky now U.S. Ambassador to Costa Rica, said he did not bother to inform Kissinger or staff colleagues of the ITT proposal which he acknowledged, under questioning, to be "unusual." The matter, he said, was dropped after Neal's call.

ITT director and Wall Street investment counselor Felix Rohatyn told the subcommittee that Geneen never brought up the subject of the million-dollar offer to the Nixon administration at board meetings. He first learned about it in Jack Anderson's column, he said.

Following the Anderson disclosures, Rohatyn said, Geneen denied that he had ever proposed any plan to influence the course of the election in Chile.

In response to a question by Church, Rohatyn said the board of ITT never undertook an "in depth investigation" of the alleged ITT plan to block Allende's election.

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# CIA Admits Giving ITT Ideas on

## Disrupting Chile

By JEREMIAH O'NEARY  
Star-News Staff Writer

The Central Intelligence Agency has admitted, through the testimony of one of its agents to Senate investigators, that it generated and passed to ITT a series of ideas for disrupting the economy of Chile during the crucial Chilean election period in 1970.

William V. Broe, former chief of CIA clandestine services in the Western Hemisphere, told the Senate subcommittee on multinational corporations in testimony released yesterday:

"They were ideas staffed, they were passed up to me by people who work for me. I went upstairs (to his CIA superiors) and I was sent out to check if they made any sense at all."

Previous testimony by Broe revealed that he took the economic disruption ideas and a list of American firms in Chile to New York on Sept. 23, 1970 and presented them to ITT Senior Vice President Edward Gerrity. The purpose of doing this, Broe said, was to determine whether the ideas were feasible.

But Broe told the subcommittee headed by Sen. Frank Church, D-Idaho, that Gerrity was negative toward the proposals and said the ideas "really did not make an awful lot of sense." Until the subcommittee released the second phase of Broe's testimony yesterday, it was unclear who had generated the plans and whether the New York meeting was a serious discussion of action that might be taken.

Included in the plans Broe suggested to the ITT executive were: that banks should delay or not renew credits; that companies deny their feet on spending, making deliveries or shipping spare parts; that pressure be exerted on savings and loan institutions so they would have to close and that all technical assistance be withdrawn from Chile.

Broe also recalled several other meetings with ITT executives, including one ITT President Paul H. Gersony in Washington on July 16, 1970, at which he said Gersony offered a substantial but unspecified sum to support any U.S. government plan to defeat Marxist presidential candi-

date Salvador Allende. Broe's testimony was that Gersony said this money was to be used to back the campaign of conservative candidate Jorge Alessandri. Broe testified that he rejected the offer, just as Gerrity did not follow through with later CIA proposals when Allende finished first in the popular election and was on the verge of a runoff victory in the Chilean Congress.

Charles A. Meyers, former assistant secretary of State for inter-American affairs, told the subcommittee yesterday that U.S. policy was not to intervene in Chile's internal affairs. He said if either the Gersony money offer or the CIA economic disruption plan had been carried out, that would have been a violation of U.S. policy.

But Meyers' testimony sharpened the conflict in testimony the subcommittee has received about the ITT money offer of up to \$1 million. The discrepancy prompted Church yesterday to state "Someone is lying," and to disclose his intention to send the hearing transcript to the Department of Justice.

The conflict in testimony taken under oath was described by Church in these terms. He said former CIA Director John McCone, now an ITT director, testified the ITT offer of up to seven figures was for the defeat of Allende. But Gerrity testified under oath, Church said, that the money was offered to Meyer by ITT Washington official Jack Neal for the purpose of low-cost housing and agricultural projects in Chile. And Meyer testified that Neal never offered him any money for any purpose. Neal's testimony was that he offered Meyer the money but did not specify the purpose.

Church said he will ask Gersony about these discrepancies when the corporation's chief executive testifies on Monday.

Sen. Charles Percy, R-Ill., who comes closest of the committee members to being a sympathetic voice from the viewpoint said he questioned

the reliability of ITT inter-office memos because one written by Neal about his conversation with Meyer refers to Meyer as "Chuck." Percy, making the point that Meyer is known to his friends as "Charley," said people like Neal are preoccupied with impressing their home offices. Neal had written a memo to another ITT official saying "Chuck" Meyer understood Gersony's concern and offered to assist.

But Meyer testified that he had no recollection of Neal mentioning either a figure or a purpose for the fund. Meyer said there was never any change in the U.S. policy of non-intervention in Chile and if there had been he would have known about it.

Percy asked Meyer if Broe could have gone to see Gerrity in New York to find out if American corporations were doing something contrary to U.S. policy. Meyer said it was possible. Church remarked dryly, "If Broe was trying to trick ITT, that's a strange way of doing it."

Church added, "No economic chaos options were ever floated before this committee." This was in response to Meyer's declaration that he saw nothing sinister in CIA discussions with Gerrity about the economic situation in Chile. Meyer said there is a difference between actual policy and that it is normal for

Church concluded from the U.S. policy-makers to study all options.

testimony of Meyer and Broe that "CIA do this on its own." Meyer said he didn't know anything about the CIA-ITT talks until long after they occurred.

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## Corporate Cloaks and Daggers

Sen. Frank Church (D-Ida.) wants to make it a crime for a company or an individual to offer money to the Central Intelligence Agency, or for the supersecret agency to accept it. Testimony before a Senate foreign relations subcommittee, which is looking into the activities of multinational corporations, has produced disturbing evidence that such a law is needed.

There is nothing wrong, of course, with the CIA maintaining contacts with American companies doing business abroad. They can be a valuable source of information about trends and events in other countries.

It would be quite another thing, however, for the intelligence agency to accept financial contributions from corporations. The national interest is not necessarily identical to that of U.S. companies doing business in a certain area; no one should ever have reason to wonder whether the CIA is working for the American people or for a corporate donor.

✓ Yet William V. Broe, former head of the CIA's clandestine operations in Latin America, told the Church subcommittee that in 1970 the agency was offered a substantial sum by Harold S. Geneen, board chairman of International Telephone & Telegraph Corp. The purpose of the proposed contribution, which was rejected, was to block the election

of Dr. Salvador Allende, a Marxist, as president of Chile.

✓ Earlier, John A. McCone, an ITT director, testified that several such approaches were made by U.S. companies during the time he was head of the CIA. All were rejected, he said, but obviously legislation is needed to make sure that this kind of thing does not happen.

According to Broe, the CIA itself at one point toyed with the idea of enrolling U.S. companies in a scheme to promote economic instability in Chile and thereby influence the Chilean Congress to block Allende's election.

Former Asst. Secretary of State Charles Meyer told the subcommittee Thursday that the CIA proposal was never accepted as government policy, that the agency was only exploring various options. Maybe so, but it is disturbing that interference in a free and democratic election process was even considered.

✓ If there is a bright side to the Church hearings, it is that such vital but sensitive matters are being threshed out in the open, so corrective action can be taken. The Administration deserves credit for breaking precedent and allowing a CIA agent to testify before a Senate committee. This was a case where such testimony was clearly in the public interest.



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## Sen. Church Sees 'Fairy Tales'

# 'Lying' Cited in ITT Case

By DOUGLAS C. WILSON  
Journal-Bulletin Washington Bureau  
Washington — Sen. Frank Church, D-Idaho, said yesterday that "somebody is lying" to Senate investigators about dealings between International Telephone and Telegraph and the U.S. government with regard to Chile.

He also suggested that ITT officials have been telling "fairy tales" about the company's plan to offer up to a million dollars in economic assistance to Chile in 1970, during Chile's presidential contest.

Church said, "The record before us, as it now stands, suggests that the ITT successfully lobbied the CIA on behalf of a covert operation (in Chile)."

He spoke as chairman of the Senate subcommittee on multinational corporations, which is continuing its investigation into a 1970 relationship between ITT and the CIA.

### Sum 'Substantial'

A CIA agent told the subcommittee in sworn testimony this week that ITT's top executive, Harold Geneen, offered his agency a "substantial sum" in July, 1970, for the CIA to use to support the Conservative candidate against Salvador Allende, a Marxist, in the Chilean election.

In his campaign, Allende had threatened to expropriate U.S. properties in Chile, including the Chilean Telephone Company, which was owned by ITT.

✓ The CIA man, William V. Broe, said the CIA rejected the offer but later, in September, proposed that ITT and other companies try to influence the election by putting "economic pressure" on Chile.

Broe said ITT rejected that plan as unworkable.

In earlier testimony, ITT officials have told the subcommittee that the government, that September, up to a million

dollars for economic assistance to Chile. They disagreed about their intentions, however.

✓ John J. McCone, an ITT director, and former director of the CIA, said the idea was to encourage opposition to Allende in Chile's runoff election Oct. 21. McCone said he spoke about the offer to both Richard Helms, then director of the CIA, and to Henry Kissinger, President Nixon's national security adviser.

### Aimed to Reassure

Edward J. Gerrity Jr., a senior vice president of ITT, said the proposed aid was intended as a move to reassure Allende, not to oppose him. He said another ITT man, Jack Neal, relayed the offer to Charles Meyer, then assistant secretary of state for Inter-American affairs, and to Viron Vaky of Kissinger's staff.

But the question of possible perjury arose yesterday when Meyer told the subcommittee that the ITT man did not make such an offer. "I remember neither a figure, nor a purpose, nor anything concrete being mentioned. And I'm certain I would remember," he said.

"It's obvious, based upon the sworn testimony that we have received to date, that somebody is lying," Senator Church said. "We must take a very serious view of perjury under oath."

He said the subcommittee will review the testimony to see if any perjury is involved. If it is, he will recommend asking the Justice Department to take appropriate action.

In the course of the Meyer testimony, the Idaho senator stressed that the subcommittee doubts ITT ever offered money to be used for constructive purposes in Chile. "We can only go so far in our capacity for accepting fairy

Vaky testified yesterday that Neal had called him

about ITT's willingness to provide a million dollars for a government plan involving Chile. But he said no specific uses for the money were mentioned, and he did nothing about the offer.

He said Kissinger never told him about a million-dollar offer by McCone, and that he, in turn, never told Kissinger about the million-dollar offer by Neal.

The subcommittee quizzed the former assistant secretary of state, Meyer, about the CIA's approach to ITT to suggest that U.S. companies

exert "economic pressure" on Chile in an effort to swing the election against Allende.

Meyer said he had not known about the CIA approach to ITT; but he maintained that U.S. policy throughout the entire period was one of non-intervention in Chilean political affairs.

"Then we must conclude that this was done by the CIA on its own. The CIA was being lobbied by the ITT and they had a little thing going," Church said.

Meyer argued that the Broe testimony indicated that the CIA's approach to ITT was only "to explore the possibilities" for a change in U.S. policy; that no change occurred; and that "nothing sinister" had happened.

The subcommittee members disagreed with this. "It's clear that we've got two policies: CIA policy and your policy," Sen. J. William Fulbright, D-Ark, told Meyer. "The CIA was going off on a frolic of its own at the request of Mr. McCone, without even your knowledge."

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MAR 29 1973

## Money to Aid Allende Foe

# CIA Agent Cites ITT Chile Offer

By DOUGLAS C. WILSON

Journal-Bulletin Washington Bureau  
Washington — A CIA agent

told Senate investigators this week that the head of the International Telephone and Telegraph Co. once offered his agency a "substantial sum" to influence the presidential election in Chile in 1970.

He said the CIA rejected the offer but later proposed that ITT and other companies try to influence the election by putting "economic pressure" on Chile. The agent said ITT, in turn, rejected the CIA plan.

The two attempts to block the election of Salvador Allende, a Marxist, as Chile's president were disclosed yesterday as Senate investigators released parts of the testimony it took Tuesday from William V. Broe of the CIA.

Sen. Frank Church, D-Idaho, said the CIA's willingness to let Broe testify and to allow key parts of the testimony to be made public was unprecedented.

Church is chairman of the Senate subcommittee on multinational corporations, which is investigating ITT efforts to influence the Chilean election and U.S. policy toward Chile.

He said Broe's disclosures indicated that "very improper" moves were made.

Broe said the ITT offer to the CIA was made to him by Harold Geneen, ITT's chief operating officer and its chairman of the board, late on the night of July 16, 1970, in Geneen's room at the Sheraton-Carlton Hotel in Washington. Broe at the time was the CIA's chief of clandestine services, Western Hemisphere.

In previous testimony before the subcommittee, ITT executives have claimed no knowledge of any ITT proposals to interfere directly in Chile's elections.

Geneen himself now is scheduled to testify before the subcommittee next Monday.

"When Mr. Geneen appears, we will read to him Mr. Broe's testimony on these very crucial points and then ask him to give us his answer," Senator Church said.

Broe told the subcommittee that the ITT head offered to collect "a substantial fund" for the CIA to use in support of Chile's conservative presidential candidate, Jorge Alessandri, one of two candidates running against Allende.

Allende threatened in the campaign to expropriate U.S. properties including ITT's majority holding in the Chilean Telephone Co., an investment valued at 153 million dollars.

The CIA agent said he rejected the ITT proposal to back Alessandri because "the United States government was not supporting any candidate in the Chilean election."

But Broe said that after the September election, when the presidential contest was thrown into the Chilean congress, he visited an ITT executive at the corporation's headquarters in New York City and proposed that ITT and other companies take various steps to hurt Chile's economy in an effort to strengthen Allende's opposition in the congress.

He said he arranged this meeting with ITT on the instructions of Richard Helms, then the head of the CIA.

Broe confirmed earlier testimony by the ITT official involved, Edward Gerrity, that the company rejected this plan as unworkable.

The agent said the CIA proposal was based on "a thesis that additional deterioration in the economic situation could influence a number of

... congressmen who were planning to vote for Allende."

He suggested that companies hold up deliveries due Chile and expenditures there, and withdraw technical help, and that banks delay giving credit in Chile.

While ITT rejected this plan, one of the company's directors, John J. McCone, told the subcommittee last week that he had told Helms and Henry Kissinger, President Nixon's top foreign policy adviser, that ITT during this period was willing to put up one million dollars for any U.S. government plan to encourage formation of a congressional coalition against Allende. This offer apparently was separate from Geneen's earlier offer in July.

At that time, while McCone was an ITT director, he also was serving as a CIA consultant.

McCone and other ITT officers have testified that the million dollars was intended for "constructive" purposes such as housing and technical assistance.

Broe said Helms had told him that his July meeting with Geneen was set up at McCone's request. This corroborates the testimony McCone gave last week.

But McCone also said he knew of no pre-September plan to raise money for use in the Chilean election.

In questioning Broe about his July meeting with Geneen, Senator Church asked: "During the discussion did Mr. Geneen at any time indicate that the fund that he stood ready to contribute was intended for constructive use, technical assistance to agriculture, the building of houses or anything of that character?"

No. It was to support Jorge Alessandri," the CIA agent replied.

In his earlier testimony, McCone said he believed that while multinational corporations could offer support for a government plan, they should not take "independent initiative" to involve themselves in the domestic politics of host countries.

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# 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. Broe, 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. Broe 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' 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 you go with their authority?

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.

# CIA, ITT Discussed Influencing Chile Vote

By JEREMIAH O'LEARY  
Star-News Staff Writer

A CIA agent has told Senate investigators that he met an official of ITT in New York on orders from CIA Director Richard Helms and explored with him the feasibility of applying economic pressure that might affect the outcome of the 1970 Chilean presidential election.

The testimony was from William V. Broe, former chief of CIA clandestine services in the Western Hemisphere, who testified Tuesday in closed session under oath before the Senate Foreign Relations subcommittee on multinational corporations.

Broe described to the subcommittee headed by Sen. Frank Church, D-Idaho, a number of meetings he had with top-ranking ITT officials during the crucial period of the 1970 Chilean election which propelled Marxist Salvador Allende into power. At the meetings, Broe told the subcommittee, stemmed from suggestions of John McCone, an ITT director and former CIA chief, to Helms, and from Helms' instructions to Broe.

The New York meeting was with Edward Gerrity, senior vice president of ITT for corporate affairs, and Broe said he arranged the Sept. 30, 1970 meeting on instructions from Helms.

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

"I explored with Mr. Gerrity the feasibility of possible actions to apply some economic pressure on Chile, yes, sir," Broe replied.

Broe explained that at that time "the thesis was that additional destabilization in the economic situation could influence a number of Chilean Democratic representatives who were expected to vote for Allende" in the Oct. 24 runoff election.

Allende had won a narrow plurality in the Sept. 4 general election over conservative Jorge Alessandri, Christian Democrat Radomiro

Tomic, but needed the Christian Democratic vote for the runoff in the Chilean Congress.

Broe also gave information that appeared to contradict testimony given the subcommittee earlier by Gerrity. Gerrity had testified about an earlier offer by ITT to provide the U.S. with up to \$1 million to apply to the Chile situation. Gerrity testified the money was to be limited to constructive projects, such as housing and agricultural expansion.

But Broe said he had met with ITT President Harold Gencen in Washington and Gencen had told him ITT was prepared to assemble an election fund for Alessandri's campaign.

Church asked Broe if Gencen had ever indicated "that the fund he stood ready to contribute was to be for constructive use, technical assistance to agriculture, building of houses, or anything of that character?" Broe replied "No, it was to support Jorge Alessandri."

Broe said the CIA did not accept the money offer.

Earlier in the questioning Broe described a meeting he had in Washington with ITT President Harold S. Gencen which supported the testimony of McCone in an evident contradiction with the testimony received by the subcommittee from Gerrity.

Broe also said that Gencen told him ITT and other U.S. companies had raised an election fund in 1961 to influence the Chilean presidential election. Gencen, according to Broe, said the group of businessmen desired to invest in that election and had contacted McCone, who was then CIA director, but that McCone would not accept the fund.

Broe said he had lunch with ITT's Washington representative, William Barnard, in the Metropolitan Club here on Sept. 22, 1970, and discussed some proposals made by ITT publicists Hal Hendrix and Robert Berrellez for some spending for propaganda in press radio and television.

Broe said he merely told Merriam the Hendrix-Berrellez suggestions sounded "all right."

Church brought out in questioning Broe about his meeting with Gerrity that they discussed the following actions: That banks should delay or not renew credits; that companies drag their feet in spending money, making deliveries and shipping spare parts, creating pressure on savings and loan institutions so they would have to close, and withdrawing all technical assistance from Chile.

Broe said he considered these measures were to create economic pressure on Chile but not to foment unrest that would lead to military intervention to keep Allende from the presidency. Broe said he provided Gerrity with a list of U.S. companies doing business in Chile and "advised him that these were companies that could participate providing the economic course was feasible."

Church told a press conference that Gerrity had told Broe at the New York meeting he didn't think the plan to provoke economic pressures would work, but this does not appear in the edited transcript released by the subcommittee.

The New York Times reported that according to internal ITT memos that were read into the subcommittee's record last week, Gencen rejected Broe's suggestions because he felt they would not work.

Sen. Clifford Case, R-N.J., said the record was not clear on whether Broe went to New York specifically to offer the economic suggestions to Gerrity. Church said there was no evidence this was a policy adopted by the U.S. government but reported that all Broe's contacts were in record with instructions from his superiors at CIA.

However, Church said the testimony recent to him that Broe went to New York to offer operational suggestions for creating economic chaos

### Schlesinger Agreement

"When Mr. Gencen testifies next Monday," Church said, "we will read him Broe's testimony and ask him for his version of the facts." He said it was too soon to be making judgements about possible perjury in the conflicts in testimony.

Broe's appearance marked the first time that an operating agent of the CIA had testified before Congress.

The unprecedented appearance was the result of an agreement between Church and CIA Director James Schlesinger that CIA would have the opportunity to clear the transcript before it was released publicly. Church made 26 pages of Broe's transcript available yesterday. An additional 13 pages were still being processed by CIA and parts of this testimony will be released later.

Today, the subcommittee will hear testimony from for- State for inter-American affairs Charles A. Meyer; Ambassador to Costa Rica Viron P. Vaky, a former Latin adviser to the National Security Council and Peter G. Peterson, former White House economic adviser.

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# Ex-Official Minimize ITT-CIA Discussion

By JEREMIAH O'LEARY  
Star-News Staff Writer

Former Assistant Secretary of State for Inter-American Affairs Charles A. Meyer today told Senate investigators he saw "nothing sinister" in discussions on Chile between a CIA agent and a top official of the International Telephone & Telegraph Corp.

The CIA agent, William V. Broe, and ITT senior Vice President Edward Gerrity met in New York on Sept. 29, 1970, and discussed feasible means of exerting economic pressure on Chile prior to the election of Marxist President Salvador Allende.

Secret testimony on the meeting was made public yesterday.

Under questioning from Sen. Frank Church, D-Idaho, chairman of the Senate subcommittee on multinational corporations, Meyer testified there was no change in the U.S. government's policy of not intervening in Chile's internal affairs.

"You have to make the distinction between policy and the examination of policy," Meyer said.

"It is within the CIA's functional responsibility to collect intelligence relative to worldwide situations and I find nothing sinister or anything that indicates a change of policy in learning that Broe discussed or explored or brainstormed economic pressures on Chile. Because it was not policy, the policy did not change."

Church declared the New York meeting was not an exchange of intelligence but a series of suggestions made by Broe to Gerrity that must have been made with a serious purpose.

What happened in New York, Church charged, goes far beyond the collection of

intelligence. He said Broe made the suggestions as an operational plan. Church then asked Meyer if that plan was consistent with U.S. policy toward Chile.

"My reading of Broe's testimony," Meyer answered, "is that he explored with Gerrity action and reaction of economic deterioration in Chile that would occur anyway. Had the suggestions been adopted, that would have been a change of policy. They were not. They disappeared."

Meyer contended that Broe proposed no firm course of action to Gerrity but only suggested feasible courses of action. He described this as the sort of "free thinking that goes into policy making every day from A to Z."

Broe told Senate investigators that he met with Gerrity on orders from CIA Director Richard Helms.

William V. Broe, former chief of CIA clandestine services in the Western Hemisphere, testified Tuesday in closed session under oath.

Broe described a number of meetings he had with top-ranking ITT officials during the crucial period of the 1970 Chilean election which propelled Allende into power. All the meetings, Broe told the subcommittee, stemmed from suggestions of John McCone, an ITT director and former CIA chief, to Helms, and from Helms' instructions to Broe.

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

"I explored with Mr. Gerrity the feasibility of possible

actions to apply some economic pressure on Chile, yes, sir," Broe replied.

Broe explained that at that time "the thesis was that additional deterioration in the economic situation could influence a number of Christian Democratic congressmen who were planning to vote for Allende" in the Oct. 24 runoff election.

Allende had won a narrow plurality in the Sept. 4 general election over conservative Jorge Alessandri and Christian Democrat Radomiro Tomic, but needed the Christian Democratic vote for the runoff in the Chilean Congress.

Broe also gave information that appeared to contradict testimony given the subcommittee earlier by Gerrity. Gerrity had testified about an earlier offer by ITT to provide the U.S. with up to \$1 million to apply to the Chile situation. Gerrity testified the money was to be limited to constructive projects, such as housing and agricultural expansion.

But Broe said he had met with ITT President Harold Gencen in Washington and Gencen had told him ITT was prepared to assemble an election fund for Alessandri's campaign.

Church asked Broe if Gencen had ever indicated "that the fund he stood ready to contribute was to be for constructive use, technical assistance to agriculture, building of houses, or anything of that character?" Broe replied "No, it was to support Jorge Alessandri."

Broe said the CIA did not accept the money offer.

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testimony received by the subcommittee from Gerrity.

Broe also said that Gencen told him ITT and other U.S. companies had raised an election fund in 1964 to influence the Chilean presidential election. Gencen, according to Broe, said the group of businessmen desired to invest in that election and had contacted McCone, who was then CIA director, but that McCone would not accept the fund.

Broe said he had lunch with ITT's Washington representative, William Merriam, in the Metropolitan Club here on Sept. 22, 1970, and discussed some proposals made by ITT publicists Hal Hendrix and Robert Berrellez for some spending for propaganda in the Chilean and European press radio and television. Broe said he merely told Merriam the Hendrix-Berrellez suggestions sounded "all right."

Church brought out in questioning Broe about his meeting with Gerrity that they discussed the following actions: That banks should delay or not renew credits; that companies drag their feet in spending money, making deliveries and shipping spare parts, creating pressure on savings and loan institutions so they would have to close, and withdrawing all technical assistance from Chile.

Broe said he considered these measures were to create economic pressure on Chile but not to foment unrest that would lead to military intervention to keep Allende from the presidency. Broe said he provided Gerrity with a list of U.S. companies doing business in Chile and "advised him that these were companies that could participate providing the economic contra was feasible."

Church told a press con-

29 MAR 1973

# CIA Aide Disputes ITT on Fund Offer

By Laurence Stern  
Washington Post Staff Writer

A high-ranking Central Intelligence Agency official has told Senate investigators that he was offered—and declined—a “substantial fund” by ITT board chairman Harold S. Geneen to block the election of Chilean President Salvador Allende in 1970.

In sworn testimony released yesterday, William V. Broe, former CIA chief of clandestine operations in the Western Hemisphere, also acknowledged that he discussed steps with ITT officials to accelerate economic instability in Chile at a crucial political period for Allende.

Broe's testimony, given to an investigating subcommittee Tuesday under an unprecedented arrangement, contradicted earlier assertions under oath by an ITT vice president that Geneen had made the money offer to finance housing and technical agricultural assistance in Chile.

Geneen is due to testify on his financial offer to Broe on Monday. Until then, Sen. Frank Church (D-Idaho) said yesterday, the investigators would not “pass judgment” on the possibility of perjury action in the ITT investigation.

Church is chairman of the Senate Foreign Relations Subcommittee on Multinational Corporations, which is conducting the inquiry. The panel questioned Broe in closed session Tuesday morning and submitted the transcript to the CIA for review. Church said it was unprecedented for an operating agent of the agency to give sworn testimony to a congressional investigating committee.

Broe testified that he went to the meeting with Geneen at the Sheraton Carlton Hotel on the night of July 16, 1970, under instructions from then CIA director Richard M. Helms, who was recently replaced by President Nixon and appointed Ambassador to Iran.

At the meeting, Geneen offered the substantial fund—which would be controlled and chan-

neled by the CIA—to support the candidacy of Jorge Alessandri, of the right-wing National Party, against Allende.

In declining the offer, Broe said, he told Geneen “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.”

The CIA official asserted that Geneen at no time suggested that the money would be contributed for housing or agricultural assistance. ITT's vice president for corporate relations, Edward Gerrity, testified last week that Geneen intended the money to be used for such purposes and not to influence the course of the election.

Under questioning by Foreign Relations Committee Chairman J. W. Fulbright (D-Ark.), Broe said ITT, not the CIA, took the initiative in attempting to intervene in the Chilean election for its “own corporate purposes.”

It was not American policy, Broe said, to influence the Chilean elections in 1970.

The CIA witness said Geneen told him that ITT and other American companies raised a political fund to influence the outcome of the 1964 Chilean election, when Christian Democrat Eduardo Frei came to power, but that John McCone, then the director, did not accept the money.

Broe's testimony indicated that the agency took a more cooperative attitude with ITT in subsequent meetings, following Allende's narrow popular plurality on Sept. 4, 1970, but before he was installed by a vote of the Chilean Congress the following month.

Again at the direction of Helms, Broe said, he met with Gerrity on Sept. 29 to explore with the ITT executive how the deteriorating economic situation (in Chile) could be accelerated.

Geneen discussed with Gerrity such measures as curtailing bank credits and deliveries of spare

parts, creating pressure on savings and loan institutions to close their doors, and withdrawing technical assistance.

The CIA's endorsement of this economic pressure, said Broe, was designed to discourage Christian Democratic congressmen from supporting Allende, a Marxist-Socialist, in the crucial congressional balloting on the presidency.

“There was a thesis,” said Broe, “that additional deterioration in the economic situation could influence a large number of Christian Democratic Congressmen who were planning to vote for Allende.”

He told the subcommittee that ITT executives were negative toward the plan because they felt it was unworkable. The maneuver, described in Chile as the “Alessandri Formula,” was looked upon favorably by then U.S. Ambassador Edward Korry and ITT, as well as by Allende's Chilean opposition, as a means of restoring Frei to the presidency by setting the stage for a new election.

It never came to pass.

Church said yesterday he thought it was “very improper” for any American corporation to offer a large sum of money to support a CIA intervention in an election. He said it was also “improper policy” for the U.S. government to enlist private corporations in the same objective.

In a meeting with newsmen, the Idaho Democrat 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 designed to prevent Allende from taking office. Broe's testimony, he said, “would have to speak for itself.”

Sen. Clifford P. Case (R-N.J.) also observed that “the record to me is not clear.”

One possibility under consideration is that the policy of the U.S. government underwent change between Broe's first contact with Geneen and his subsequent meeting with Gerrity.

McCone testified last week that Helms had told him in the early summer of 1970 that a National Security Council interdepartmental group governing CIA covert operations had decided to take no action to thwart Allende's accession

In early September, however, McCone, an ITT board member and CIA consultant

approached national security adviser Henry Kissinger and Helms to convey Geneen's offer of aid to finance a U.S. government plan to block Allende.

On Sept. 16 Kissinger delivered a not-for-attribution press backgrounder in Chicago in which he said, “I don't think we should delude ourselves that an Allende takeover in Chile would not present massive problems for the United States and democratic forces and pro-U.S. forces in Latin America and indeed to the whole Western Hemisphere. . . . So we are taking a close look at the situation. It is not one in which our capacity for influence is very great at this particular moment. . . .”

An intensive lobbying program was conducted during mid-September by ITT officials with top administration officials for some form of intervention in Chile. Geneen's offer of financial aid for a CIA operation was rejected.

But on Sept. 29 Broe, acting with the full consent of his superiors, endorsed an economic program to frustrate Allende's candidacy in the Chilean Congress.

Broe testified that he also met with ITT's former Washington office director William Merriam on Sept. 22, a week prior to the Gerrity meeting, and gave his assent to ITT proposals for covert support to anti-Allende newspapers as well as the hiring of radio and television “propagandists” favoring other candidates.

“Mr. Merriam, without any discussion of those (proposals), said, ‘What do you think of the proposals’, and I said I think they are all right,” Broe testified. “Then there was no discussion.”

The anti-Allende press and television campaign was proposed by two ITT field operatives, Hal Hondrix and Robert Berrellez from Santiago. ITT officials testified that they never put the plan into operation.

The purpose of Church's inquiry is to determine whether ITT brought improper influence in Chile to affect the outcome of the 1970 election and the extent to which it had the active cooperation of the CIA, ITT and a number of other companies contended that their fears of an Allende administration were prompted by campaign pledges of the