

CHICAGO, ILL.
TRIBUNE

M - 767,793
S - 1,016,275

MAR 29 1973

I. T. T. and Chile

Officials of International Telephone and Telegraph Corp., a large conglomerate, have stated in testimony before a Senate subcommittee that the corporation proposed thru the Central Intelligence Agency that \$1 million of its funds be used to head off the ascension of Marxist Salvador Allende as president of Chile in 1970.

The corporation had assets of \$165 million in the country, consisting mainly of a 70 per cent ownership in the Chilean telephone system. One of its vice presidents, William R. Merriam, said that I. T. T. feared that an Allende regime would "steal" its properties. The fear was warranted. President Allende subsequently nationalized I. T. T. holdings and the properties of American copper companies without compensation.

John A. McCone, former director of the C. I. A., now a director of I. T. T., discussed with CIA officials a plan to unite the two opposition parties against Allende's assumption of power. The C. I. A. failed to act and Mr. McCone said that Dr. Henry Kissinger, Presidential adviser on foreign relations, whom he also approached, did not reply to his proposals.

I. T. T. has been a favorite whipping boy for Senate Democratic "liberals" ever since the Justice Department, before last year's Presidential election, settled an antitrust action against the corporation. I. T. T. at the time proposed making a substantial contribution to the Republican National Convention when it was originally scheduled for

San Diego, where the corporation owned a hotel.

An I. T. T. Washington lobbyist, Dita Beard, in a memorandum which came into possession of the Senate, made sweeping claims about her agency in reaching the settlement which put her employer in a questionable light and sought to imply that the Nixon administration had been bought off.

If it were not for this checkered background, the Senate critics would have had less reason to indulge in the present field day over the attempted intervention in Chile. After all, it has traditionally been regarded as a responsibility of the federal government to protect American lives and property abroad. In the past, stern measures have been taken to carry out that responsibility.

Businessmen therefore have a proper right to make approaches to the government in defense of their interests. We wouldn't say I. T. T. has taken the most intelligent approach in asserting this right; but it is only fair to remember that I. T. T. and the government might not have been led to invite the present suspicion of secret conspiracy if earlier governments had not conditioned the world to think that American business interests can be kicked around with impunity. And the same people who encouraged this attitude in the past are in general the ones who now think they can tar I. T. T. and the administration and make political hay all at the same time.

CHICAGO, ILL.
NEWS

E - 434,849

MAR 23 1973

Urged action to block Allende: CIA official

By William J. Eaton
Of Our Washington Bureau

WASHINGTON.— The Central Intelligence Agency once proposed action by American companies to create economic chaos in Chile to block the the presidency, a top CIA man election of Salvador Allende to has testified.

William V. Broe, director of CIA's clandestine services for the Western Hemisphere, said he made the suggestion late in September, 1970, to Edward J. (Ned) Gerrity, senior vice president of International Telephone and Telegraph Corp. Gerrity had testified earlier that he rejected the plan as impractical.

A transcript of Broe's testimony, cleared by the CIA, was made public late Wednesday by a Senate subcommittee on multinational corporations. It was the first known congressional testimony by a CIA agent about a secret operation.

BROE SAID that at one time ITT president Harold S. Geneen had offered the CIA a "substantial" fund to help Al-

lende's leading opponent in Chile. Broe said he turned down that offer.

ITT executives feared that Allende, a Marxist, would nationalize the ITT-owned Chilean telephone company if he became president. He won the election in the Chilean Congress and has moved to take over the ITT-owned company.

Broe, who said he acted with the approval of former CIA Director Richard Helms, testified that he gave Gerrity a list of U.S. companies operating in Chile as possible participants in the economic warfare.

THE CIA plan was presented five days after Allende had been the top vote-getter in the popular election but still required approval from a majority of the Chilean Congress.

"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," Broe said.

Among other steps, Broe said, he mentioned the possibility of banks not renewing credits in Chile, delays in spending by American-owned companies and delays in deliveries, withdrawal of technical help and pressure to shut the doors of savings and loan associations.

REGARDING the list of U.S. companies, Broe said he told Gerrity that "these were companies that could contribute, providing the economic course was feasible. . . ."

Broe said he met with Geneen on July 16, 1970, before Allende's victory in the popular vote. The meeting was held at the suggestion of John McCone, former director of the

CIA and a director for ITT, relayed through Helms to Broe, the agent testified.

HERE'S AN excerpt from the transcript:

Sen. Frank Church (D-Ida.): 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?

Broe: Yes, he did.

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

Broe: I told him we could not absorb the funds and serve as a funding channel. I also told him that the U.S. government was not supporting any candidate in the Chilean election.

Church: During the discussion did Mr. Geneen at any time indicate that the fund . . . was intended for constructive use, technical assistance to agriculture, the building of houses or anything of that character?

Broe: No, it was to support Jorge Alessandri.

Other ITT executives have said the ITT had offered to put up \$1 million for social programs, housing and technical aid to influence the outcome of the Chilean elections.

Geneen has been summoned to testify Monday.

STAT

28 MAR 1973

CIA \$400,000 Chile Fund Reported

By Laurence Stern
Washington Post Staff Writer

Senate investigators sought to elaborate yesterday on a report that the Central Intelligence Agency was authorized to spend \$400,000 for covert propaganda action against Marxist presidential candidate Salvador Allende in Chile during the summer of 1970.

The existence of the fund was first broached by Jerome Levinson, counsel to the Senate Foreign Relations Subcommittee on Multinational Corporations, during the questioning of former Ambassador to Chile Edward Korry.

Korry confirmed that he knew a senior interdepartmental intelligence group of the National Security Council met to discuss the CIA's strategy toward Allende in late May or early June of 1970.

But he referred the subcommittee to CIA Director James R. Schlesinger on the question of whether the NSC policy group allocated \$400,000 for covert propaganda activities against Allende.

The National Security Council committee to which Levinson referred is the government's senior policy forum for covert intelligence operations, and functions under the direction of National Security Adviser Henry Kissinger.

"Anything to do with activities of the CIA, I am not going to reply to,"

Korry told Levinson. "It is the obligation of the CIA director to advise you."

Last week former CIA Director John A. McCone told the subcommittee he had been advised by Richard M. Helms,

the agency's director in 1970, that "a minimal effort" had been authorized in the Allende election "within the flexibility" of the CIA's budget.

McCone said Helms also told him the senior interdepartmental committee, known as the Forty Committee, had considered the matter and decided that nothing of a major nature should be done to block Allende's election.

The subcommittee is examining whether the International Telephone and Telegraph Corp. exercised improper influence in the Chilean presidential election to stave off nationalization of its Chilean telephone company subsidiary, and whether U.S. government agencies worked in collusion with ITT in an attempt to prevent Allende from assuming the presidency.

Korry, in an afternoon of testimonial sparring, declined to tell the subcommittee what instructions he had received from the State Department in the crucial period between Allende's popular election on Sept. 4, 1970, and his installation by the Chilean Congress the following Oct. 24.

"I have a deep abiding conviction it is morally wrong to give you the details of privileged

tween an embassy and its government," the former ambassador told the subcommittee.

The question of Washington's instructions to Korry came in the con-

text of an ITT document in the subcommittee's possession—a copy of a cable from two executives of the firm on Sept. 17, 1970, from Santiago to ITT's New York headquarters.

The message said: "Late Tuesday night (Sept. 15) Ambassador Edward Korry finally received a message from the State Department giving him the green light to move in the name of President Nixon. The message gave him maximum authority to do all possible—short of a Dominican Republic-type action—to keep Allende from taking power."

Korry said the ITT cable was "erroneous" and that he had not received instructions to do all he could to stop Allende. But he persisted in refusing to tell his questioners what his instructions were.

The former ambassador, who served in Santiago from 1967 to 1971, acknowledged that he did personally favor a strategy to block Allende's election by Congress. This strategy, the "Alessandri Formula," was designed to pave the way for election of former Christian Democratic President Eduardo Frei.

Korry said he discussed the Alessandri Formula with representatives of American business in Chile who were concerned about expropriation under Allende. "But there was no concerted effort on their part to sell me or on my part to sell them," he testified. There was strong American corporate support for the plan until it became clear that it did not have enough support in the Chilean Congress.

The subcommittee announced that it will release the testimony of the CIA's former chief for Western Hemisphere clandestine operations, William V. Broe, today after it has been reviewed by agency director Schlesinger.

Broe testified for nearly 45 minutes during a closed session yesterday morning on his dealings with ITT board chairman Harold S. Geneen and other officials of the company in the Chilean affair. Geneen will be asked to give his version of those dealings when he testifies on Thursday.

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20 MAR 1973

WASHINGTON CLOSE-UP**ITT's New Twist in Guidance**

STAT

By FRANK GETLEIN

When last heard of, International Telephone & Telegraph was sending its flacks to shrinks to keep them under wraps, bribing San Diego to accept the Republican convention against the city's better judgment, receiving most-favored-nation treatment from White House apparatchiks, causing Justice Department lawyers to have second thoughts about the advisability of belting the old corp. before becoming federal judges, and throwing all available papers into the faithful shredding machine.

It was an elaborate program, but basically just an elegantly articulated variation on classic maneuvers in the way of a corporation with a politician. Big corps. have been dazzling small pols with a bit of the boodle ever since John D. Rockefeller bought the Pennsylvania legislature at distressed merchandise prices.

That's really all the ITT putsch against the White House and the antitrust division amounted to, a well-thought-out lining-up of the appropriate desiderata and the discreet presentation of them to the correct apparatchiks.

Now, however, ITT has broken new ground in the guidance of governments and, for a change, the new departure is one which has tremendous potential benefit not only to the corporate crooks who created the ploy and not only to the government officials standing by ready to be convinced by the long green or the big appointment, but also to the poor old American taxpayer, who usually is just the man, the fall guy, the patsy and the sucker when good fellows get together in the White

House business-liaison control center.

What ITT came up with, according to one of its directors, John McCone, former head spook at the CIA, was nothing less than an offer to Henry Kissinger to bankroll anything the United States might want to do to prevent the Chilean legislature from ratifying the popular election of Marxist Salvador Allende as president.

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Details weren't spelled out in McCone's testimony before the Senate hearings on multinational corporations, but one is permitted to speculate that there were two basic ways available: one, bribe the legislature, a task few have regarded as insurmountable from the Rio Grande to Tierra del Fuego — or indeed from Boston to Sacramento — and, two, arrange an assassination of Allende in the style, perhaps, of the assassination of President Diem, former freedom fighter and democratic leader of South Vietnam suddenly revealed as a strongman dictator, grafter and pain-in-the-neck to America and to the CIA.

According to McCone, he told Henry Kissinger that ITT was willing to put up a cool million to bring the job off, a reasonable enough sum.

Apparently the scheme dripped into disuse: You have to do these things while they're hot or not at all and the Nixonians were then all tied up with planning Journeys for Peace and bigger bombing in 'Nam. Also, no doubt, there are some spoilsports around who would view McCone's double identity — paid consultant to the CIA, paid director of ITT — as a conflict of interest in a case in which ITT's success almost

certainly depended on CIA involvement.

For the McCone offer to Kissinger was neither for Kissinger nor for his master, as ITT's earlier offers had been. The cool million was, instead, for the government of the United States. That's where the benefit to the taxpayer comes in.

McCone was doing nothing less than offering private subsidy of public action. If the United States would pull the ITT chestnuts out of the Chilean fire and help hold off the dread threat of Chilean resources reverting to the Chilean people — horrid thought! — he, McCone, and his outfit, ITT, would underwrite the operation.

★

This is a great step forward and one that may be the making of bribery as a respectable political instrument. For example, suppose the milk producers, instead of giving their big money to the Committee for the Re-election of the President and then enjoying the rise in the price of milk, had given the money to the Treasury. We'd all be ahead. Same thing with causes as different in scale as the merchandising of the ambassadorships to Luxembourg or London and the expected quid pro quo of letting contracts for aircraft that don't fly to firms ready to hire the military contract-letters on their retirement.

If, as McCone's ITT scheme suggests, normal bribery money could be channeled to the Treasury instead of to individual officials or partisan committees, we'd be well ahead. After all, it's our government: if it is to be sold, why shouldn't we all get a piece of the action?

20 MAR 1973

Testimony by Agent Is a First for CIA

By JEREMIAH O'LEARY
Star-News Staff Writer

An agent of the CIA today made an unprecedented appearance before a Senate subcommittee to tell under oath what he knows about the relationship between himself and International Telephone and Telegraph Corp. regarding political events in Chile.

The appearance of William V. Broe, former chief of the CIA Latin American division, before the Senate Subcommittee on Multinational Corporations, was behind closed doors. But Chairman Frank Church, D-Idaho, has worked out an agreement with CIA Director James Schlesinger so that a transcript of much of the question-and-answer session will be released, to the public probably within 24 hours.

No operating agent of the CIA has ever made a congressional appearance under such near-open conditions. The subcommittee, which already has interviewed Broe informally, was to make public a declassified copy of that transcript today, according to aides.

Who Initiated Plans?

Subcommittee officials said it was obvious that the CIA agreed to this break with precedent because the agency is anxious for its side of the ITT-Chile controversy to be made public. Testimony in the hearing between ITT and CIA in connection with the election of Marxist President Salvador Allende in Chile.

The major question raised by conflicting testimony is whether CIA or ITT initiated plans whereby the corporation offered up to \$1 million to any U.S. government operation regarding the Chilean election outcome.

Schlesinger Letter

John McCone, former CIA director and now a director of ITT, testified he understood the money was to block Allende from taking power but ITT senior vice president Edward Gerrity said he thought the money was for housing and agricultural projects that

drive to nationalize ITT properties without compensation.

Schlesinger's agreement with the subcommittee about Broe's appearance today was described in a letter to Church yesterday. It said:

"I believe that our discussions in recent weeks have indicated my desire to cooperate to the fullest extent possible with the subcommittee in the matter of the ITT-Chile investigations consistent with responsibilities placed on me by law and with the necessity for respecting certain sensitive agency relationships.

"It was in this spirit that I suggested that Mr. Broe meet with you and the staff of your subcommittee in formally and privately to discuss the extent of Mr. Broe's relationships with officials of ITT. As an outgrowth of that meeting, Mr. Broe responded for the classified record to a series of questions submitted to your subcommittee staff. I have since reviewed Mr. Broe's answer to these questions and concluded that most, if not all of them, can be declassified for incorporation in the public record if you so desire.

Unique Aspects

"As you know, operating officials of the agency have not previously testified under oath in public sessions. I desire, however, to continue to cooperate as fully possible with your subcommittee because of

the unique aspects of the hearings on ITT. I would agree therefore, to have Mr. Broe appear before your subcommittee under oath to present testimony limited to his conversation with ITT officials in 1970 in connection with Chile.

"Due to compelling operational and security reasons which we have already discussed, I must request that Mr. Broe's appearance be limited to executive session. Further, as the subcommittee feels it is desirable to make Mr. Broe's testimony public I would be glad to review his testimony for that purpose.

"I am certain such an arrangement would result in placing on the public record the items which your subcommittee believes are important in connection with its present investigation. This procedure would, I trust meet your objectives while allowing me the flexibility needed to discharge my responsibilities as called for by the National Security Act of 1947."

The subcommittee was to return to public session later today and question former Ambassador to Chile Edward Korry and two officials of the Anaconda Copper Co.

STAT

CHARLOTTE, N.C.
NEWS

E - 65,014

MAR 20 1973

ITT In Chile

STAT

Testimony of high officials of the International Telephone and Telegraph Corp. before a Senate sub-committee last week revealed that ITT earnestly tried to gain CIA backing for a plan to prevent Chilean President Salvador Allende from taking office in 1970.

That in itself is quite an admission. Although accounts of the exact origin and nature of the plan have conflicted, ITT's desire to influence the internal politics of Chile smacks of 19th century gunboat diplomacy. To its credit, the government resisted these appeals — though CIA officials and others apparently opened their doors wide to hear ITT's case — and no action on the anti-Allende plan was taken.

Of course, there's nothing wrong with a major corporation approaching the government for a hearing, just as there's nothing wrong with a citizen's doing so. What's remarkable is the brashness with which ITT stuck its foot in the door, and the almost casual manner in which ITT officials say they offered \$1 million toward implementation of the plan. The fact that former CIA Director John McCone, now a director of ITT, testified that he served as an important liaison between the company and the CIA only adds to the taint of the proposed deal.

Naturally, ITT had a lot to lose with Marxist Allende's accession to power: \$150 million in nationalized communications property, to be exact. But the days are gone — or at least they should be gone — when the government of one

Firms Shouldn't Run U.S. Foreign Policy

nation shows dissatisfaction with the policies of another by trying to overthrow it.

The implications of ITT's Chilean plan extend far beyond Chile's borders. Owing to the astronomical growth of their foreign holdings in the 1960s, giant American companies have come to act more and more like self-contained mini-governments, involving themselves intricately in the internal affairs of other nations.

In the process, multi-national corporations like ITT directly affect not only the direction of the countries in which they choose to do business, but the direction of United States foreign and economic policy as well. Part of the recent U.S. balance-of-payments crisis, for example, has been attributed to these corporations' massive spending of dollars in foreign markets.

The answer to this real problem is not to forbid such activities — that would be unrealistic, if not unwise. Rather, one partial solution is for the government to seek ways to monitor and, where justified, to regulate more effectively the activities of giant corporations abroad. Another is for the government simply to turn a deaf ear to outrageous proposals like ITT's in the formulation of foreign policy decisions.

BLOOMSBURG, PA.

PRESS MAR 28 1973

M - 11,115

Corporate muscle-flexing

A peek at corporate muscle-flexing in international matters is afforded by the disclosures about International Telephone & Telegraph's attempt to interfere in Chile's internal affairs. What has been revealed underscores the importance of a Senate Foreign Relations subcommittee's investigation of how firms with large holdings abroad influence American foreign policy.

Executives of ITT have testified as to two of the giant communications firm's efforts to play a part in directing U.S. relations with Chile. One involved the idea of preventing the election of Salvador Allende as that country's president. In another case the ITT tried to get the United States government to threaten severe economic problems for Chile.

William R. Merriam told the Senate how ITT, whose Washington office he headed at the time, sought to pressure both the White House and the Department of State to threaten Chile with economic collapse. The intent, said Merriam, was to force Allende "to pay us off" after expropriation of the Chile Telephone Co. in which ITT

claimed a 70 per cent share worth about 150 million dollars.

Next to appear before the subcommittee was John J. McCone, once head of the Central Intelligence Agency and now an ITT director. (In this connection it is noteworthy that Merriam acknowledged having dealt with the CIA's top man for clandestine operations in Latin America.) McCone testified that he acted as the ITT's emissary in conveying to the White House an offer of a million dollars to back any United States plan to prevent Allende's election.

Apologists for ITT would doubtless find justification in the firm's loss of its Chilean holdings, a process Merriam described by charging that Allende "had stolen our property without compensation." Some might also argue in favor of ITT's offer to help finance obstacles to the election of a Marxist as Chile's president. Neither of these points bulks very large against the fact that what we have here is an unwarranted attempt to play a direct role in the implementation of U.S. foreign policy. No such use of corporate power should be permitted.

BLOOMINGTON, ILL.

PANTAGRAPH

MAR 27 1973

D - 47,176

S - 43,350

STAT

With friends like ITT...

The International Telephone & Telegraph case is not dead. Nor should it be buried until a good deal more is learned about:

1. The activities of this conglomerate in using domestic political and economic clout to foment political troubles in Chile.

2. The propriety of highly placed Central Intelligence Agency chiefs discussing American intelligence strategy with private citizens, no matter how important that private citizen may be in the business world.

It is quite proper that any business petition the government to intercede in its behalf when its property is threatened with expropriation, as ITT's Chilean telephone system was. It is improper to do so in a clandestine manner

however, especially while waving \$1 million for who knows what purpose.

The CIA is in hot water over a number of activities and its primary obligations may be badly damaged by a former director, John McCone, who became a director of ITT. McCone tried to put the \$1 million to work through government channels in ITT's behalf.

As continued stories of strange and frightening alliances come out in the ITT and Watergate probes, it becomes clear that the radical left is not, nor has it ever been, the threat to the integrity and independence of the FBI or the CIA. The threat comes from supporters who attempt to misuse the agencies.

ANN ARBOR, MICH.

NEWS MAR 27 1973

E - 38,589

S - 35,974

From Our Point Of View

ITT Clumsily Involved U.S. In Another Nation's Affairs

STAT

THE International Telephone and Telegraph Corp. (ITT) is none too convincing in its explanation of how it happened to be so involved in the political affairs of Chile.

ITT feared, and deservedly so, that Salvador Allende as president of Chile would expropriate ITT's property, more specifically the \$150 million investment in the Chile Telephone Co.

In this respect, ITT shared a more or less common fate. Expropriation of property is a chance many U.S. firms take when they invest heavily in overseas plants.

But ITT is no peanuts outfit. When a corporation as large as ITT swings into action, the ripples become big waves in a hurry. And ITT, it seems, was more than just casually interested in seeing to it that Mr. Allende did not become president of Chile.

According to former Central Intelligence Agency (CIA) chief John McCone, the president of ITT wanted to provide \$1 million to keep Allende from taking office.

McCone said that the idea was to support a coalition of Chilean political opponents to Allende. And if this intrusion into Chilean politics were not enough, McCone said ITT president Harold Geneen "mentioned a million dollars in support of any U.S. government plan for the purpose of

bringing about a coalition of opposition."

* * *

THE EMPHASIS is on the "any" plan. Just what was Geneen prepared to support by way of American intervention? ITT's director of international relations said in the strongest terms that the proposed contribution was not for political activity in Chile or to finance a military coup.

But then why go to the director of the CIA, which is synonymous with mixing in where it sometimes doesn't belong and which has been credited more than once with toppling unfriendly regimes?

The issue actually is moot because President Allende already has excoriated ITT and gotten maximum political mileage out of what seemed to the Chilean people an obvious attempt by ITT to influence the Chilean election.

So whether ITT instigated the stop-Allende business or served as a willing vehicle for Chilean political groups out to get Allende, the damage is done. ITT may have been looking out for its own interests at first, but it soon clumsily involved America in another nation's business.

And in a region where non-intervention in another's affairs is regarded as sacred principle, the ITT affair isn't as innocent as its spokesmen would like Congress and the public to believe.

TIMES

MAR 27 1973

M - 59,391

S - 69,238

ITT and Chile

STAT

There is growing concern over the clear-cut conflict in testimony by three officials of the International Telephone and Telegraph Co., over whether at least \$1 million offered to the U.S. government was to be used for "constructive purposes" or to prevent the election of Marxist Salvador Allende Gossens as president of Chile in 1970.

The fact that one key witness, John A. McCone, former head of the Central Intelligence Agency and now an ITT director, has testified it was intended to finance an anti-Allende coalition in the Chilean Congress before it made the final choice for president, is reason enough for the Senate sub-committee to make every effort to get to the bottom of the situation.

It is no doubt true that ITT officials and those of other U.S. companies with Chilean interests despaired at Allende's election and his subsequent nationalization of several industries. And it is true also that his

policies have been a general disaster for the country, economically speaking. But it does not excuse any collusion between a U.S.-based multinational company and the federal government in an attempt to induce economic collapse in that Latin American company, if that is what happened.

Mr. McCone said that when \$1 million was offered by ITT to the CIA in mid-1970, before the first phase of Chile's election, it was for "constructive" purposes, such as low-cost housing. But when Allende won a plurality in the September in balloting, the purpose was changed to finance the coalition, he testified.

Edward J. Gerrity, senior ITT vice president, testified later the purpose was always "constructive" and added it had been the company's director of international relations, Jack D. Neal, who had offered the cash to Charles A. Meyer, assistant secretary of state for Latin American affairs. Mr. Neal, however, has previously testified that in his meeting with Mr. Meyer, there was "no elaboration" on what the \$1 million were to be used for.

Meanwhile, other sources say that secret testimony by a CIA director indicates the money from the start was to be used to finance covert operations to prevent Allende's election.

If true, this is hardly the way for the U.S. to retain the friendliness of its Latin American neighbors.

27 MAR 1973

CIA Agent To Testify on ITT, Chile

By Laurence Stern
Washington Post Staff Writer

In an unprecedented action, the Central Intelligence Agency has agreed to permit its former chief covert operative for the Western Hemisphere to testify under oath today at a Senate investigative hearing.

The CIA official, William V. Broe, is scheduled to appear at a 9:30 a.m. closed session of the Senate Foreign Relations Subcommittee on Multinational Corporations to talk about his dealings with the International Telephone and Telegraph Corp. in Chile.

Broe's testimony, due to be made public later today after review by the CIA, will resolve one of the central contradictions of the ITT investigation.

He will be asked to describe his private, one-hour meeting with ITT board chairman Harold S. Geneen in a Sheraton Carlton Hotel room on the night of July 16, 1970. The meeting was arranged by former CIA director John A. McCone, an ITT board member and still a CIA consultant, and by Richard M. Helms, McCone's successor as head of the agency.

McCone has testified that two months after the meeting he transmitted to national security adviser Henry A. Kissinger and Helms, at Geneen's request, an ITT offer of as much as a million dollars to help underwrite a U.S. government plan to block Chilean President Salvador Allende's election in 1970.

But one of Geneen's chief deputies, ITT senior vice president Edward Gerrity, has told the subcommittee that Geneen's offer was to help provide housing and technical agricultural assistance after Allende's election. Gerrity could not provide the subcommittee with corroborative testimony that such a proposal had been delivered to the government.

Broe has already given the subcommittee a private, unsworn account of what he and Geneen discussed during the Carlton meeting. It was presumably on the strength of this testimony that subcommittee counsel Jerome Levin-

son asked McCone last week if Geneen had not offered Broe a large sum to finance the anti-Allende plan. McCone said he didn't know.

The testimony of Broe and former U.S. Ambassador to Chile Edward Korry is also expected to explore the question of whether political pressure was brought to bear on the CIA to involve itself with ITT in stop-Allende strategies.

Senators familiar with CIA operations doubt that Broe, an experienced intelligence operative, would have met with Geneen and other ITT executives without instructions from his superiors in the CIA, notably Helms. Before leaving for his new ambassadorial post in Iran, Helms also testified at a closed session of the multinational subcommittee on the Chilean affair.

ITT documents indicate that Broe came up with a plan under which the company would undertake to contact other American firms doing business in Chile, calling for measures that would seriously impair the already fragile Chilean economy. One striking aspect of the plan was that the CIA would have no operational role in carrying it out.

McCone told the subcommittee that he personally had opposed any plan under which ITT itself would sabotage Allende's prospects of election. However, the former CIA chief said neither he nor Geneen had any objections to underwriting a "government plan" to achieve the same goal.

Helms was described by McCone as having felt in the early summer of 1970 that there was little prospect of blocking the election of Allende, a Marxist who had incurred ITT's enmity by raising the specter of nationalization of the corporation's Chilean telephone company subsidiary.

However, after Allende won his narrow popular plurality on Sept. 4, 1970, a major lobbying campaign was unleashed by ITT, according to corporate documents, to block his election by the Chilean Congress the following month.

At the ITT board's meeting on Sept. 8 and 9, Geneen asked McCone to transmit his financing offer to the White House and the CIA. McCone testified that he talked to Kissinger and Helms in the ensuing few days. Other ITT officials contacted key staff people in the State Department and National Security Council as well as then Attorney Gen-

eral John N. Mitchell during the week following the board meeting.

An ITT field officer in Santiago wired the company's New York headquarters on Sept. 17 that Ambassador Korry two nights earlier had received from Washington "the green light to move in the name of President Nixon . . . to do all possible—short of a Dominican Republic-type action—to keep Allende from taking power."

Korry will be questioned today about the "green light" cable and its origins. One of the authors of the message, ITT public relations man Hal Hendrix, testified that the information came from a well-connected Chilean Christian Democratic politician, not from U.S. government sources.

Members of the Senate subcommittee want to know how information of such a highly sensitive nature leaked out of U.S. government channels into the hands of an ITT official, if indeed the "green light" report had any basis in fact.

Broe's appearance today will mark the first time a CIA operative has been permitted to testify under oath before a congressional committee, according to subcommittee sources. The agency normally carries out its liaison with Congress through select panels of the Armed Services and Appropriations committees in the House and Senate.

STAT

BOSTON, MASS.
CHRISTIAN SCIENCE
MONITOR

M - 217,264
MAR 27 1973

ITT and dollar diplomacy

There is something very arrogant in the way International Telephone & Telegraph Corporation sought to prevent the inauguration of Chilean President Salvador Allende Gossens. It reminds us of an earlier, much discredited era of dollar diplomacy in which United States companies, large and small, regularly intervened with impunity in the internal affairs of the Latin-American countries in which they operated. We thought that era was over — but apparently not, at least in the case of ITT in Chile.

Testimony by former Central Intelligence Agency director John J. McCone before a Senate subcommittee shows that ITT, because of concern for its Chilean business interest, sought ways to alter the democratic process in Chile. In one instance, Mr. McCone, now an ITT director, went to both Henry A. Kissinger and then CIA director Richard Helms with an offer by ITT to contribute \$1 million to head off the Allende inauguration. Testimony by other ITT officials indicates that the large conglomerate made "informal" offers of financial aid and other assistance to Chilean politicians opposed to Dr. Allende.

So far, there is little in the McCone testimony or that of other ITT officials that was not already known. Columnist Jack Anderson printed much of it more than a year ago. But the appearance of the ITT officials before the Senate subcommittee and their admissions of ITT efforts to block Dr. Allende's inauguration serves to spotlight activities

that we think are questionable and, in the long run, harmful to everyone concerned.

There is one encouraging factor emerging from the McCone testimony, however, namely, the apparent refusal of Mr. Kissinger and other administration officials to get involved with ITT in its questionable venture. Quite obviously Washington was not overjoyed about having Dr. Allende become President of Chile. A Socialist whose program promised basic economic and social restructuring in Chile, Dr. Allende was not looked on with enthusiasm by the White House or the State Department. Yet they quite rightly realized that Dr. Allende, although winning only 36 percent of the vote in the 1970 election and therefore requiring confirmation by the Chilean Senate, was elected in accordance with Chilean electoral procedure, one of the most democratic in the world.

ITT's meddling in Chile, however, has had its effect on Washington and obviously made it more difficult for the United States to work out some sort of modus vivendi with the Allende government. ITT's attitude was clearly detrimental to both official and private United States interests. Moreover, in the long run, it probably will prove detrimental to ITT with its many interests in Chile — telephone company, telegraph facilities, hotels, auto rental agencies and others. The whole affair was an example, it seems to us, of bad business, and the experience should serve as a warning to all United States companies that this sort of interference in the internal affairs of a country cannot be condoned.

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Incredible I.T.T. Offer to Buy U.S. Foreign Policy

The testimony before a Senate subcommittee on the attempted meddling by the International Telephone and Telegraph Corporation in the politics of Chile, a foreign power, is astounding and alarming.

It seems incredible that a man with the stature of John J. McCone, former director of the Central Intelligence Agency and even then (and now) a CIA consultant, could offer \$1 million in I.T.T. money (McCone is an I.T.T. director) to the administration for a plan to defeat Salvador Allende, who became president of Chile. The offer was made in 1970 to Henry Kissinger and to Richard Helms, then head of the CIA.

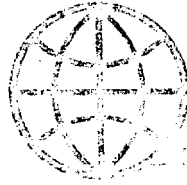
To the credit of the administration, McCone did not hear back from anybody. But the fact that such an offer could be made is startling, notwithstanding the colossal nerve that must have been behind it in the persons of I.T.T. executives. To whom would the million dollars go? How does *anyone* voluntarily give the federal government money to perform a task abroad (or at home for that matter) without clearly buying government, asking for special privilege as if it were due, and corrupting the essential governmental process? What really is frightening is the great corporate arrogance behind such thinking—that it was assumed the offer

would be considered politely and that it could be made to two of the top individuals in the administration—the President's special assistant for foreign affairs and the head of the entire U.S. intelligence apparatus.

If this sort of thing could occur, the natural thought must be that many of the charges heard over the years in Latin America concerning corporate meddling must have substance. In the past the normal reaction has been to dismiss outlandish charges as small-nation chauvinism based on greed, envy and hereditary Latin suspicion. Now who can be sure? We hope the I.T.T. case was the exception. Even if it is, you can be sure that a great many Latin nations now will listen more closely to the bellicose speeches of Castro and Allende's darts about Yankee imperialism.

It is difficult to believe that McCone would be so insensitive as to forward such an offer, even at the importuning of his I.T.T. bosses, and that Helms and Kissinger wouldn't throw him out of the office once he had made it. The Senate subcommittee has uncovered an ugly story. We wish it hadn't happened. But it did, and the American people need to consider its implications.

DATE: 27 MAR 1973



Editorials

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Watergate's lower depths

DURING THE WATERGATE trial, Chief Judge John Sirica of the United States District Court declared that the testimony had not plumbed the lower reaches of the case. The letter of defendant James McCord Jr. to Judge Sirica has opened the hatches to the lower depths.

McCord's action takes on special importance because he was chief of security for Nixon's Committee for the Re-Election of the President during the Watergate action.

Sirica suspected, to judge from his remarks, that the dirty trail of political corruption which the defendants were intent on covering up led to the White House. McCord's letter adds credence to that conclusion.

There is now little doubt in anybody's mind that John Dean, President Nixon's legal counsel, masterminded the Watergate effort and the subsequent effort to get the defendants to plead guilty, to conceal the trail to the White House. And, no one in his right mind doubts that what Dean did, Nixon ordered.

The immersion of the White House in corruption, in the Watergate, as in the International Telephone and Telegraph sewer, is unprecedented in the nearly two-century history of our Republic.

Most sinister in McCord's letter is the suggestion that the Nixon Administration is prepared, in solving political questions, to resort to the Phoenix-type murder operations which the White House employed in South Vietnam. That is implied, we believe, in McCord's statement, in his letter, that "several members of my family have expressed fear for my life if I disclose knowledge of the facts of this (Watergate) matter, either publicly or to any Government representatives." His family fears the highest "law enforcement" agencies in the nation.

The deadly peril which his family fears, faces McCord, is characteristic of U.S. policy. U.S. imperialist aggression in Vietnam and the ITT-CIA plan to overthrow the government of Salvador Allende in Chile by military violence, whatever the cost, is of the same cloth.

There is no reason to believe that an Administration which ordered mass assassination of patriots in South Vietnam, and employed the Green Berets and the CIA to this end, would hesitate to rid itself of a McCord.

The Senate committee investigating the Watergate affair must probe this foul situation to the end.

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Firms Without a Country

Newspaper readers are gaining a more detailed picture of the maneuvers of the International Telephone and Telegraph Corp. in the inner sanctums of the federal government.

John A. McCone, former head of the Central Intelligence Agency, told a Senate committee that he had transmitted an offer by ITT to help finance an effort to block the election of Chilean President Salvador Allende in 1970. McCone said he carried the offer personally to Richard Helms, then head of CIA, and to Henry Kissinger, presidential foreign affairs adviser.

ITT was afraid that its telephone company and other property in Chile would be confiscated by the left wing Allende regime. McCone, former head of the CIA and still very influential in both the government and the Republican party, was a logical choice to make the appeal to the government—especially since he is also a director of ITT.

Meddling in the Chilean election by financing opposition to Allende could have backfired on the U.S. throughout Latin America. It is revealing that ITT officers thought they could drag the government into such an imperialistic operation.

The enormous pressure exerted by ITT on high officials of government to get approval of a merger it wanted with a cash-loaded insurance company has also been exposed by the Senate committee. (The pressure was successful.)

You could get the impression that ITT moves in to get its way with the U.S. government in much the same way that big international companies long have operated with governments in undeveloped areas. There is a certain disdain for officialdom and a ruthlessness that ignores laws and codes of ethical behavior.

* * *

ITT is not different, we suspect, from many other multinational companies which have been growing so rapidly in

recent years. These companies, whether their headquarters are in London, Paris or New York, operate about the same. Their managers are the true internationalists. They have little or no allegiance to any country.

The big Japanese companies may be an exception, so far, since they seem to follow directions of their government religiously. Or is it the other way around?

One of the clearest illustrations of the non-national attitudes of the international companies is shown in their shifting of funds around during the disruption of monetary markets. In the recent run against the dollar, a Frankfurt banker estimated that 60 per cent of the sales of dollars were by IBM, ITT, Volkswagen, Nestle and such firms. The so-called American companies do not hesitate to shift cash balances in ways that handicap the U.S. government efforts to stabilize the dollar.

There is no loyalty to U.S. policy in Latin America, either—only to U.S. government action that will help the companies.

The French and some other Europeans have worried about U.S. companies coming in and dominating their economy—economic imperialism, they call it. But the biggest firms do not seem to operate with bias toward any country. Contrary to Marxist theory, they don't act as partners with imperialist governments. They simply go out to make a buck for themselves.

The international companies don't worry about the political system of a country they operate in. Just so it is stable and can keep order. Even some Communist countries may fill the bill.

It would be ironical if large, capitalistic business corporations should turn out to be the most powerful instruments for creating "one world." Some people think so. They are becoming more influential, certainly, in world economic affairs than many governments.