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Senate Panel Opens Investigation of ITT Operations in Chile

By Laurence Stern

Washington Post Staff Writer

A special Senate subcommittee opened its investigation yesterday into charges that the International Telephone and Telegraph Co. engaged in covert political operations to block the election of Chilean President Salvador Allende in 1970.

Meeting in closed session, the Foreign Relations Subcommittee on Multinational Corporations heard testimony from ITT board chairman Harold S. Geneen and former Central Intelligence Agency Director John J. McCone, a member of ITT's board.

Subcommittee Chairman Frank Church (D-Idaho) said both witnesses were "quite forthcoming . . . The questions we asked were all answered."

The inquiry is expected to delve deeply into contacts between ITT executives and the CIA's chief officer for covert intelligence operations in Latin America, William V. Broe, before and immediately after Allende's election. Broe, who is still a CIA employee, is understood to have been interviewed by the subcommittee but it is not clear whether he will testify.

ITT corporate memoranda made public last year by columnist Jack Anderson record a series of meetings between the CIA official and top executives of the communications conglomerate, among them Geneen. On one occasion, according to the memoranda, Broe asked for ITT's help in getting American businesses in Chile to promote an economic collapse in the country.

Church said yesterday that "we have secured the CIA's cooperation in the investigation." The testimony of agency representatives, he added, would be in closed session.

Despite Church's declaration, it was understood from official sources outside the Foreign Relations subcommittee that the terms of CIA cooperation are still being negotiated. Normally the CIA's dealings on Capitol Hill are confined to

the Armed Services and Appropriations Committees.

"When a situation of this sort arises, it is a matter for negotiating the terms of reference in order to protect our main concern—intelligence sources and methods," said one government official.

ITT, the nation's seventh largest industrial corporation, owned a 70 per cent interest in the Chilean Telephone Co. (Chilteleco) when it was expropriated by the Allende government in March, 1971. Chile broke off negotiations for compensating ITT after the Anderson documents were made public last year.

The corporation has filed a \$92.6 million claim with the Overseas Private Investment Corporation (OPIC), a federal agency that insures U.S. businesses against losses from confiscation by foreign governments.

Church said yesterday that the outcome of his investigation would have "a direct bearing" on OPIC's settlement with ITT. The contractual deadline for settlement of the ITT claim is next month, although it can be extended by consent of the two parties.

ITT would not be entitled to reimbursement if OPIC found that its actions in the host country were sufficiently provocative to justify the expropriation.

Memoranda in the Anderson file suggest that ITT executives sought to encourage opposition within Chile to Allende as well as to influence U.S. policy to oppose his Marxist government. But there is no evidence in the record that the conglomerate agreed to carry out Broe's alleged plan to sabotage the Chilean economy.

To justify its case for reimbursement, ITT may have to rely heavily on testimony from top CIA officials that its actions in Chile were within the bounds of propriety. The agency, for its part, will have documented approaches to ITT did not have the approval of those who run CIA.

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2 I.T.T. OFFICERS TESTIFY ON CHILE

Head of Senate Panel Says
His Concern Persists

By JAMES M. NAUGHTON
Special to The New York Times

WASHINGTON, March 16—

After hearing closed-door testimony by two officers of the International Telephone and Telegraph Corporation, Senator Frank Church said today that he remained "concerned about the implications" of its involvement in the internal politics of Chile.

Senator Church, Democrat of Idaho, declined to be specific, but he said that the cause of his concern would become evident when the Foreign Relations subcommittee he heads resumes its hearings in public next week.

The corporation was accused a year ago of having sought the cooperation of the United States—and the involvement of the Central Intelligence Agency—in preventing Dr. Salvador Allende Gossens from taking office as President of Chile in 1970 and in trying to topple his government a year later.

Harold S. Gencen, chairman and chief executive officer of I.T.T., and John A. McCone, a director who once headed the Central Intelligence Agen-

cy, met with the subcommittee on multinational corporations, for two hours. Senator Church said that the meeting had been a courtesy intended to "review the general course of questions we intend to ask in the public hearings."

A Two-Year Inquiry

The investigation will be the beginning of a two-year inquiry by the subcommittee into the broader issue of how multinational corporations can influence United States foreign policy and have a bearing on the United States economy.

Senator Church said that the hearings next week would be important not only to get the facts about I.T.T. and its relations with the Marxist Government in Chile but also to help establish guidelines for corporations to follow in foreign countries.

I.T.T. has asked for \$92.6-million in compensation from the Overseas Private Investment Corporation, a United States Government agency, because of the seizure of its Chilean telephone company by President Allende's Government.

Senator Church said today that the hearings next week could have some bearing on whether the compensation is granted. At issue is whether I.T.T. involvement in Chilean affairs might have provoked justifiable reaction by the Allende government.

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Bill to Hold First Public Quiz Of ITT's Operations in Chile

By Laurence Stern

Washington Post Staff Writer

The first public inquiry into the clandestine political operations of the International Telephone and Telegraph Corp. against the Allende government in Chile will unfold next month on Capitol Hill.

It is expected to probe deeply into the giant international conglomerate's relationship with the Central Intelligence Agency as well as to raise questions about ITT's own political intelligence operations abroad.

The hearings, which will be conducted by the Senate Foreign Relations Subcommittee on Multinational Corporations, headed by Sen. Frank Church (D-Idaho), will center on abortive efforts by ITT officials in 1970 and 1971 to block the election of Chilean President Salvador Allende and then to topple his government by instigating an economic crisis.

ITT's operations in Chile are also the subject of a congressional investigation by the Overseas Private Investment Corp. (OPIC), a government agency that indemnifies U.S. businesses against confiscation by foreign governments. OPIC must decide, under an April 1 contractual deadline, whether to pay ITT a \$92.6 million claim to compensate for Chile's seizure of the corporation's Chilean Telephone Co. (Chilteleo).

Common roots of both inquiries, whether Chilean or American, are the well-documented efforts of ITT top executives and their operatives to thwart the election of Allende and then to bring about his overthrow.

Open records detail ITT's political activities in Chile, and deeply into the then-top officials of the CIA's clandestine operations in the country, including the last of the company's efforts to overthrow the Marxist Jack Allende.

A CIA official, William H. Belmont, met with ITT executives in Washington last year to discuss the company's operations in Chile, according to the

published corporate memorandum, including at least one session with ITT president and board chairman Harold S. Geneen.

In one of the ITT memoranda, a "personal and confidential" cable sent on Sept. 29, 1970, to Geneen in Brussels, ITT senior vice president E. J. Gerrity reported that Broe had visited him and suggested that ITT help in promoting a program with other American businesses in Chile aimed at "inducing economic collapse" and provoking a government crisis.

A subsequent Gerrity wire to ITT's Washington office indicated that Geneen considered Broe's suggestions "not workable" and that the ITT head felt "we should be very discreet in handling Broe."

The relationship between ITT and CIA in the anti-Allende campaign are crucial both to the Senate and the OPIC investigations.

The corporation would not be entitled to a payout on its \$92.6 million claim if OPIC should find that ITT's covert political activities in Chile were on such a scale as to have provoked the government into seizure. But the intriguing converse of this, as the OPIC-ITT contract reads, is that the company is entitled to full reimbursement if it can prove that its activities were carried out at the request of the U.S. government.

And so one of the central issues upon which the Senate hearings is expected to focus is the relationship between Broe and top ITT executives. Was Broe providing plans and intelligence to ITT on his own or on instructions from his superiors in the agency? How did ITT acquire such close access to the CIA's top Latin American official for covert operations? If the company merely wanted indemnification, why wasn't it put in touch with the intelligence division which engages in "open" political reporting and maintains the agency's lists of "friendly" and "unfriendly" side groups and individuals? Did other American compa-

nies in Chile have equal access to the senior U.S. intelligence operative in Latin America?

Former CIA Director Richard Helms, understandably enough, declined to discuss the case with a reporter. He is out of the agency and on his way to his new post as U.S. ambassador to Iran. "It would be inappropriate," he said.

But on Feb. 7 the Senate Foreign Relations Committee, on short notice, called Helms to testify at a closed session and the matter of ITT's relations with CIA came up. "He minimized the whole episode," said a knowledgeable official. "The members didn't really know what to ask or how to pursue the questioning."

One high-ranking government official, who has been intimately involved in the ITT case since its inception, commented that "ITT's relationship with the CIA is no mystery. If you have John McCone on your board it gives you a certain kind of entree."

Former CIA Director John McCone is a member of ITT's board and was kept informed by ITT officials of the developments in Chile, the corporate files revealed.

On Oct. 9, 1970, ITT's vice president and Washington office director William R. Merriam filed a "personal and confidential" memo to McCone.

"Today I had lunch with our contact at the McLean agency (CIA) and I summarize for you the results of our conversation," Merriam wrote McCone. "He is still very, very pessimistic about defeating Allende when the congressional vote takes place Oct. 24. Approaches continue to be made to select members of the Armed Forces in an attempt to have them lead some sort of uprising—no success to date."

Practically no progress has been made in trying to get American business to cooperate in some form of intervention. For example, say that they

inventory on hand in Chile to take any chances and that they keep hoping that everything will work out all right. Also, the Bank of America had agreed to close its doors in Santiago but each day keeps postponing the inevitable. According to my source, we must continue to keep the pressure on business."

Merriam did not name Broe in this memo, but he had been identified in other corporate exchanges as ITT's chief CIA contact. Merriam is now in ITT's Rome office specializing on international trade.

Another uncanny bit of ITT intelligence enterprise was displayed in a "personal and confidential" memorandum on Sept. 17, 1970, to Gerrity from two of the company's field operatives, former Associated Press reporter Robert Berrellez and Miami-based Latin American correspondent Hal Hendrix who won the Pulitzer Prize in 1963 for stories on the Soviet missile buildup in Cuba.

"Ambassador Edward Korry," they reported, "finally received a message from 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."

Typed over the message was the sentence: "W. R. Merriam—This should be tightly held."

Korry, who is now Washington representative for the Association of American Publishers Inc., is understood to have taken the position with various investigators of the ITT case that Berrellez and Hendrix did not get their information from anyone in the embassy.

Although he declines to comment on the case until the Senate hearings, when he may well appear as a witness, Korry is reliably reported to have taken no issue with the authenticity of the Berrellez-Hendrix wire.

The record of ITT's attempted interventions in the Chilean domestic political situation shows that the company approached such highly placed Nixon administration national security adviser Henry A.

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5 FEB 1973

Bill Anderson

CIA: Criticism, inquiry, antagonism

WASHINGTON—Since the Bay of Pigs, when the United States lost its gamble under the Kennedy administration to overthrow Fidel Castro, the Central Intelligence Agency has suffered in many areas of public opinion.

It has also suffered internally, going thru a succession of directors and losing other key people under three Presidents [starting with Kennedy] who did not totally believe what the CIA reports were saying.

The CIA was created in 1946 by the late President Truman [as the Central Intelligence Group] from the skeleton of the wartime Office of Strategic Studies. It was formed in an effort to collect information [or spy] on other nations as much as they did on us. From the start, it was an agency cloaked in semi-secrecy noted for generating debate.

✓ An early director, Adm. Roscoe H. Hillenkoetter, had warned the Truman administration of the then impending Communist invasion of South Korea—and apparently was replaced for his accurate prediction by Gen. Walter Bedell Smith.

Smith then grabbed headlines [during the Sen. Joseph R. McCarthy period] by stating in public there was a "moral certainty" that Communist spies had penetrated every security agency in Washington.

Smith did not last long at the CIA after that and was replaced by the

pipe-smoking Allen W. Dulles, brother of John Foster Dulles, President Eisenhower's secretary of state. Dulles put McCarthy down after the senator charged there were double agents operating within the CIA.

Dulles, the first civilian chief of the CIA, came off as sort of a super-spy because of his exploits in the OSS during World War II. After staving off McCarthy, he continued to build the CIA from a small agency [starting with 1,500 agents] to a worldwide network that began to do more than make estimates of what foreign powers might do.

Still, the Hoover commission looked into the operations of the agency and came up with a report saying "it was lacking in collecting 'intelligence data from behind the Iron Curtain.' Meanwhile, the CIA squabbled with the long-established intelligence arms of the three military services. In one case it had enough clout to get the Army's chief of intelligence [G-2] fired.

By 1953 the CIA was spending \$550,000,000 a year [now it is spending about \$2 billion]. A year later it was warning that there was an intensive Communist drive underway in Latin America. And then the roof began to fall in on the agency after its secret spy plane, the U-2, was shot down over Russia. The incident caused even more drama and the cancellation of a United States-Russian summit meeting, about

with a public trial of pilot Francis G. Powers.

The public clamor really began, tho, after the attempted invasion of Cuba ordered by the late President Kennedy. The late Robert F. Kennedy personally ran an investigation of the agency as blame for the fiasco began to fall on the CIA for furnishing faulty data. After a short period of grace, Dulles left as director to be replaced by John A. McCone, a business executive.

Adm. William F. [Red] Raborn followed in the Johnson administration. Raborn's biggest early flap was a charge the CIA got involved in an Indonesian government upheaval. But the involvement also spread to the Congo, Viet Nam, and apparently to some domestic intelligence activities. The deputy director then was Richard Helms, a career government management expert.

✓ Helms moved up to director during the Johnson era of 1966, assuring Congress that the CIA did not create foreign policy. Helms continued to feel public heat because of the CIA financing of foundations and student activities. He was defended by Sen. Kennedy at the time.

When Mr. Nixon became President, one of his first moves was to install a trusted associate of long standing—Marine Gen. Robert Cushman—as deputy director of the CIA. After getting his own reading on the agency, the President promoted Cushman to commandant of the corps—and is sending Helms to Iran as ambassador. Tomorrow we will report on the new director.

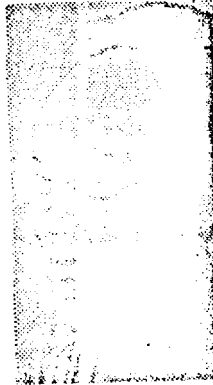
STAT

Chronology of the War in Vietnam and Its Historical Antecedents From 1940

1954

June — Ngo Dinh Diem becomes head of government in Saigon. French begin evacuating southern areas of Red River Delta. Col. Edward G. Lansdale of American C.I.A. arrives in Saigon as head of team of agents to engage in "paramilitary operations" and "political-

Gen. Vo
Nguyen
Giap led
Vietminh
to victory
over the
French
in 1965.



psychological warfare" against
North Vietnam.

1964

June—Top U.S. officials meet in Honolulu to review war. They conclude that U.S. must increase aid to South Vietnam. Lodge urges "selective bombing campaign" against military targets in North and questions need for Congressional resolution, which Rusk, McNamara and John McCone of C.I.A. support. President Johnson resists pressure for a Congressional resolution and decides to step up war effort. Gen. William Westmoreland takes command of U.S. forces in Vietnam, Ambassador Lodge resigns and is replaced by Gen. Taylor.

DAILY WORLD

18 JAN 1973

Communist leader will run for Los Angeles controller

LOS ANGELES—"I will pull up the blinds on the behind-the-scenes deals that divert our taxes into big business profits."

So stated William Taylor, Communist leader in Southern California, as he opened his campaign for Los Angeles City Controller.

Speaking before a group of campaign workers, Tylor urged an all-out effort to expose the Los Angeles "supergovernment."

The first stage is under way, with campaign workers collecting signatures to put Taylor on the ballot. An estimated 250 signatures were collected in the first three days. Needed are 500 signatures of registered voters to put Tylor on the ballot.

Taylor is running against incumbent Charles Navarro, a reactionary Republican who has intimate ties with the 25 big-business men who make up the "supergovernment." This powerful group, as listed in the Los Angeles Times of Dec. 3, includes such monopolists as Roy

Ash, president of Litton Industries, Inc. (now appointed to a high administration post by Nixon); John A. McCone, a big shareholder in Standard Oil and former CIA director; Lee Atwood, president of North American Rockwell, and Asa V. Call, honorary chairman of the Pacific Mutual Life Insurance Co.

The Controller is responsible for spending the city's money and supervising its finances.

"As a worker," Taylor said, "I know what it's like to work for a living and to get by on a paycheck shrunk by the ever-growing tax bite."

Taylor is well known in Los Angeles as a Communist Party leader and an activist in the Black community. Last year, he ran for Los Angeles County Supervisor and polled over 52,000 votes. He is Chairman of the Southern California District of the Communist Party, U.S.A. and a member of the Party's Central Committee.

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by Robert Maurer

CENSORING THE PRESS

Your son, I was a Scout Master at one time. But when some of my scouts began to grow up and come back to see me, Eagle Scouts, telling me that they were not going to go into the Army, that they were going to be conscientious objectors, we would sit down and argue, and I would try to defend the U.S. policies in Viet Nam. But it got pretty difficult, and after they would leave, I'd find myself thinking about it, and I didn't like the conclusions I was coming to.

—Victor Marchetti, top C.I.A. intelligence expert for 14 years, on a recent National Educational Television special.

Although New Left spokesmen are excelling in radicalizing thousands of the young, the greater cause for concern is the hostility of respectable liberals and social reformers. It is the sum total of their views and influence which could indeed fatally weaken or destroy the system."

—Lewis F. Powell, Jr., in a confidential memo written to the U.S. Chamber of Commerce (Aug. 23, 1971) two months prior to his nomination as U.S. Supreme Court Justice.

NEW YORK CITY—Back in the spring of 1964, Random House stood firm against the Central Intelligence Agency's attempt to stop publication of the first expose of the C.I.A.'s clandestine operations.

The C.I.A. had obtained a copy of the bound pages of *The Invisible Government* prior to publication. (This year the C.I.A. also clandestinely obtained the outline of a proposed book by Victor Marchetti, a former top staff member in the agency.) Such domestic activities, however, are specifically prohibited by the legislative act that established the C.I.A. But the agency got away with it.

After reviewing the bound pages, John McCone, then C.I.A. director, made several phone calls to Random House contending that the book contained a number of errors.

One, Two, Many Editions

The thrust of McCone's calls, it was assumed at the time, was to convince Random House not to publish the book. After the authors David Wise and Tom Ross backed by the publisher, reaffirmed the accuracy of the text as it stood, the agency, through an intermediary, informed the late Bennett Cerf (founder and chairman of the board of Random House) that it had studied the possibility of buying up the entire first edition. According to a reliable source, Cerf responded that of course the agency could buy up the first edition, but

Random would print a second—and third edition if necessary.

Although the C.I.A. neither stopped the book, nor bought up the first edition, the publicity surrounding its attempts to do so contributed to *The Invisible Government* becoming a number one bestseller.

(But the C.I.A. didn't rest there. According to author Wise, the agency prepared a lengthy analysis of the book, attempting to refute it point by point, classified this document, and circulated it only within the agency.)

In 1964, when most of the country believed in the campaign rhetoric of Lyndon Johnson, it was a frightening enterprise to write and publish such a book. And when, however ineffectively, the C.I.A. brought pressure to bear, both authors and publisher stood firm in the best tradition of freedom of the press.

Now, however, those C.I.A. telephone calls have given way, in some important cases, to legal initiatives (and the spectre of legal cases) to censor books, or parts of them, directly. This, in turn, is having a chilling effect on the book industry through self-policing; editors are thinking twice about publishing sensitive material. The Government has decidedly won a few rounds this time.

Over the last two months this reporter has spoken with some two dozen editors from various publishing houses, large and small, to gain a sense of the present climate in the industry following several cases involving Government pressure to limit First Amendment rights. In summary, the following are the more publicized cases, as well as recent Supreme Court decisions, effecting the public's right to know:

A Boston grand jury subpoenaed the bank records of the Unitarian Universalist Association after its publishing arm, Beacon Press, issued the four-volume Gravel edition of the "Pentagon Papers." (More later.)

Last May 15 the U.S. Court for the Eastern District of Virginia ruled in the Government's favor to stop Victor Marchetti from submitting any manuscript to his publisher unless he first submitted it to the C.I.A. (More later.)

Prior to Publication

Harper & Row, against the initial protest of author Alfred McCoy, acceded to the C.I.A.'s desire to see galleys of *The Politics of Fear in Southeast Asia*, under certain conditions, prior to publication. Harper & Row wanted to avoid possible litigation.

On May 20, 1974, Supreme Court Justice decision, ruled in the case of Senator Mike Gravel (D-Alaska) that a Congressman's immunity, guaranteed in

the "speech and debate clause" of the Constitution, while extending to his aides, extends only to the "legislative process," i.e., his actions on the floor of Congress and in committee.

Otherwise he is subject to grand jury investigation in the act of gathering information from private citizens, or in the act of attempting to disseminate information beyond the Congressional Record, as Gravel did in seeking a publisher for the "Pentagon Papers" in order to reach the widest possible audience.

Also on June 29, the Supreme Court ruled in the case of New York Times reporter Earl Caldwell that reporters must appear before grand juries when called to testify regarding the sources of their news stories. (An Appeals Court ruled recently along the same lines, refusing immunity to scholars, in the case of Samuel Popkin, a Harvard professor.)

In late November the Supreme Court issued new rules of evidence in which, among other things, the Government may refuse to give evidence and prevent any person from giving evidence in court if such testimony is likely to reveal a "secret of state" or "official information."

The Costs of Controversy

The random sampling of editors' opinions has revealed both a tougher and a more cautious attitude toward publishing sensitive material that might embarrass the Government. Gene Rachlis, editor-in-chief at Bobbs-Merrill, said that even though the Harper & Row affair had set a bad precedent, "people will be tougher in the industry from now on." Tony Clark, an editor at Atheneum, thought that most editors were "anything but intimidated" by those recent events.

Although every editor contacted was of this general view, John Simon of Random House pointed to the \$50,000 or so that a publisher might expect to spend to defend a book against Government legal action. This price-tag would have a "chilling effect" on a publisher's decision to go ahead with a book likely to embarrass the Government.

Simon thought that even the consideration of such a cost factor, as well as staff and lawyers' time in defending the book, especially if the book might be less than a potential bestseller, meant the Government had "already won" the first round.

Disenchantment with the Indochina war, Simon went on, has had an effect in the publishing industry. A general atmosphere

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CONFIDENTIAL

The Change at CIA

There are such strict limits to what is knowable about the Central Intelligence Agency and its workings that any discussion of Mr. Helms' departure from the directorship and Mr. Schlesinger's appointment to replace him must necessarily rest on a comparatively small store of information. Even so, one or two things are plain. And chief among these is the fact, evident from what is known about the two men themselves, that one highly qualified and eminently capable official is being replaced by another.

Richard Helms has spent most of his professional life in intelligence work, and he has acquired a reputation among those qualified to judge, as a man of great honesty and tough-mindedness. The term "tough-minded" in this connection can only summon forth imaginary zither music for some people and visions of grown men running around endlessly shoving each other under trains. But Mr. Helms—unflappable, personally disinterested, and beyond the reach of political or ideological pressures where his judgment is concerned—earned his reputation for tough-mindedness in an intellectual sense. As Agency Director, he has been far less a public figure or celebrity than some of his predecessors—Allen Dulles, for example, or John McCone—evidently preferring to maintain a certain becoming obscurity. He has worked very effectively with some of his overseers on the Hill. And, if the leaked (not by CIA) material, such as the Pentagon Papers, that has been appearing in the press is any guide, he and his Agency have also served their executive branch leaders with some distinction. One gets the impression that from the presumed efficacy

of bombing the North Vietnamese to the presumed necessity of responding to every wild surmise of what the Russians were up to in nuclear weapons development, Mr. Helms has offered a practical, dispassionate and rigorously honest—if not always popular—view.

That the Congress will be pushing for some greater degree of responsiveness from the CIA in the coming session seems pretty certain. And there also is at least a chance that internal bureaucratic difficulties at the Agency will require some managerial rearrangements. In a way, solely because he comes to CIA from outside (not from up the ranks), James Schlesinger may be specially suited to take on both. But he has other qualifications. At the Rand Corporation in California, Mr. Schlesinger did analytic work that gave him more than a passing familiarity with the intelligence estimating business. At the Budget Bureau—as it was then known—in the early days of the Nixon administration he proved himself a very astute, not to say downright cold-eyed, scrutinizer of military budget requests. His brief term at the AEC was notable in several respects. Mr. Schlesinger bucked the pressure of the atomic energy establishment to insist that the AEC take note of and respond to the claims of its ecological critics. And he attempted to push the agency back from its political role toward the more disinterested service role it was meant in the first place to fulfill. He, like Mr. Helms, is demonstrably a man of talent, dedication and impressive intellect. We should have been content to see them stay on in their present jobs. But if Mr. Helms is to leave the Central Intelligence Agency, we think Mr. Schlesinger is a first class choice to replace him.

... Exit Richard Helms

✓ It isn't official yet, but our usually impeccable official sources tell us that Richard M. Helms will soon be stepping down after six years as director of the Central Intelligence Agency, presumably to take on a new and important assignment in the Nixon administration. Whatever his future job may be, he will be sorely missed in the one which he is leaving.

✓ Of the men who have headed the CIA since its inception in 1947, Helms stands out as the one truly professional intelligence expert. His career in the spy business covers a span of 29 years, beginning with a four-year stint with the Office of Strategic Services in World War II. After transferring to the newly-formed CIA, he served as deputy director for plans under General Walter Bedell Smith and John A. McCone, previous CIA heads.

✓ As director, Helms brought a coolness of judgment and great administrative talent to one of the most sensitive and difficult jobs in the federal government. Under his leadership, the performance of the agency, in contrast to past years,

has been highly discreet and, to the extent that such things can be judged, effective. It is suggested that his departure from the CIA may have resulted in part from a dispute within the intelligence community regarding the deployment of Russian nuclear missiles. Yet from all the available evidence, his assessment of the world situation — and particularly in Indochina, where the CIA has borne heavy responsibilities — has been remarkably accurate.

✓ The highly essential business of intelligence-gathering, being necessarily secret and to some minds distasteful, requires the kind of public confidence that Helms has been able to provide. As President Johnson remarked at his swearing-in ceremony: "Although he has spent more than 20 years in public life attempting to avoid publicity, he has never been able to conceal the fact that he is one of the most trusted and most able and most dedicated professional career men in this Capital." As director of the CIA, Richard Helms has fully justified that assessment.

NEW JOB CONSIDERED

CIA Chief Helms To Leave Post

AEC Boss Eyed As Successor

By OSWALD JOHNSTON
 Star-News Staff Writer

Richard M. Helms will step down as director of the Central Intelligence Agency, high administration officials said yesterday.

This disclosure came amid indications that Helms, 59, has been offered another major assignment in the second Nixon administration and is still considering it.

Helms could not be reached for comment and high-ranking CIA officials who were reached late yesterday said they had no information about Helms' plans to step down or a possible replacement.

Official announcement of Helms' departure is being delayed while he considers an opportunity offered him by President Nixon to assume another high-level position, it is understood.

The exact nature of the new assignment possibility could not be ascertained. It was assumed it would involve the foreign policy field, in view of Helms' background.

Rumors that Helms would be stepping down have been prevalent for several weeks.

Helms was named director of the CIA in 1966 by President Lyndon Johnson. He had been a top figure in the agency under Allen Dulles and John A. McCone.

He was a newspaperman in Europe before World War II, and worked for the Office of

Strategic Services during and after the war. He joined the CIA at its inception in 1947.

He has been thought of as well regarded by Nixon as the nation's most experienced intelligence officer. Slightly more than a year ago his office was widely expanded in responsibility in a sweeping reorganization of the U.S. intelligence community.

The leading candidate under consideration to succeed Helms, authoritative sources indicate, is James R. Schlesinger, chairman of the Atomic Energy Commission and one of the chief architects of the intelligence reorganization.

The reorganization mandate made public by the White House in November 1971 gave Helms new authority to oversee the consolidated budget of the American foreign intelligence effort — variously estimated at \$5 billion to \$6 billion a year.

Schlesinger was assistant director of the Office of Management and Budget when plans to reorganize the intelligence establishment were first devised, and much of the planning was worked out by the OMB early in 1971.

The plan's main thrust was to coordinate the complicated and at times self-contradictory U.S. intelligence effort and place the separate establishments at the CIA, in the Defense Department, in the sepa-

rate uniformed services and in the State Department under one head.

When Helms was designated to fill this position it was widely supposed that the budgetary authority the new plan gave him would empower him not only to bring the rival intelligence establishments under control, but also to cut the aggregate cost of their operations by \$1 billion.

The extent to which this reorganization has succeeded during the year since it was announced is unclear.

The cost of intelligence gathering is still largely secret and the results of Nixon's move for economy in this field are not clearly known.

There has been little outward organizational change in the intelligence community. There have been many indications, however, that the sharp and bitter rivalry among the separate branches has been sharpened since Helms stepped into his enhanced leadership role.

To insiders, the latent rivalry between the CIA and the Pentagon's Defense Intelligence Agency has never been more bitter than during the past year. Helms has been a particular target of Pentagon intelligence experts ever since he contradicted their view that the Soviet Union was deploying a massive new missile sys-

tem designed for a nuclear first strike.

Well-informed sources in the defense and intelligence establishments have been looking to Schlesinger as a possible successor to Helms for a variety of reasons.

His close association with the reorganization is, probably, paramount. But there is also the factor that Schlesinger was a colleague of Andrew M. Marshall during his stint at the Rand Corporation. Marshall, as a result of the reorganization has become the ranking intelligence watchdog on the White House staff.

Schlesinger had been named for a promotion in the Nixon administration in March 1971 when his work on the reorganization plan was still in progress. At that time he had been picked for a ranking position in the Department of Interior, but the appointment was blocked by the opposition of Western senators who wanted a more obedient regional representative.

In July 1971 Schlesinger was picked for the top job at AEC.

Schlesinger was with one of the first groups of administration officials to call on Nixon at Camp David during his second-term reorganization deliberations. Schlesinger went there Nov. 21 — by coincidence, perhaps, just a day after Helms' own visit to the presidential retreat.

Hanoi and The Cuban Specter

By C. L. Sulzberger

FOREIGN AFFAIRS

PARIS—Historians may eventually decide the most significant aspect of the Indochina war was that it never produced a superpower confrontation resembling the nuclear showdown over Cuba just ten years ago.

It may be arguable that what occurred in the Caribbean at the end of October, 1962, had a profound if indirect influence on what was to happen in Vietnam during the subsequent decade.

Looking back on events that led Chairman Khrushchev to the Cuban gamble, it is now possible to discern his growing overconfidence. After having met Mr. Kennedy in Vienna, he told me the American President impressed him as being unable to face up to the Berlin crisis then festering.

"Kennedy is too young," he said (Sept. 8, 1961). "He lacks the authority and prestige to settle the issue correctly. He is afraid to take up that position and that is why he has introduced mobilization measures." Mr. Khrushchev gave two clues to his possible behavior although I was not shrewd enough to realize this.

He said: "If Cuba were subjected to attack, it would have every right to expect assistance from other peace-loving countries. . . . We would certainly not ignore a request for assistance." He also indicated exaggerated faith in Russia's nuclear arsenal, saying it was being armed with "several" 100-megaton warheads of such destructive power as "to make would-be aggressors think twice."

Khrushchev probably didn't then contemplate the possibility that thirteen months later he would have dispatched missiles and nuclear warheads secretly to Cuba. S.D.E.C.E., the French intelligence service, reported some clues early in October and the C.I.A. established overwhelming confirmation through aerial surveillance.

The result is history. Mr. Kennedy reacted with calm toughness and sent Dean Acheson abroad to alert our allies. France's President de Gaulle told Acheson it was unnecessary to show him photographs of the Soviet missiles "because obviously a great Government like yours would not risk war for nothing." He assured Washington of French support.

Some lesser allies suggested dismantling U.S. missile bases in Turkey to save Mr. Khrushchev's face. Several suspected what Moscow really sought was Western abandonment of Berlin. None of this happened. Faced by a U.S. naval blockade and the threat of holocaust, Khrushchev

On Nov. 9, 1962, Mr. Kennedy told me he was "astonished" at the speed with which the Russians managed to pull their missiles out of Cuba but added that he couldn't understand why Khrushchev had gone there in the first place. If he had thought America wasn't going to fight in the heart of an area of its own vital interest (the President speculated), he surely must have assumed we weren't going to fight in Berlin. Therefore, he asked: "Why didn't he go straight for Berlin?"

On Nov. 20 the President said in another conversation that he had learned much from the terrible episode. At the start "you don't know whom to believe and whom to disbelieve. But I can do the job much better now."

The crisis produced several repercussions. Mr. Khrushchev sent a message to British Prime Minister Macmillan saying the West should not try to push Russia around on Berlin or make the mistake of thinking the Cuba showdown proved Moscow was "soft."

NATO endorsed President Kennedy's desire to increase the Alliance's conventional strength because Cuba had demonstrated that the use of such strength in a crisis area could force an adversary to be the first to explode nuclear weapons and thereby risk mass destruction.

The Russians vastly accelerated their naval building program and began to move persistently into the Mediterranean. This process coincided with dismantling of the U.S. missile sites in Turkey.

Washington promised to take no physical action against Cuba's regime and this in turn strengthened the hand of Latin-American revolutionary movements for some time to come. De Gaulle decided he would never again allow France to be drawn into crises outside the European area and loosened French NATO ties.

This historical effect of the Cuban confrontation on Vietnam was indirect. President Kennedy certainly didn't reduce American intervention; he souped it up. But the lesson of 1962 wasn't lost. Despite U.S. attacks on Hanoi, even while Kosygin was there, or bombings right up to China, and despite the U.S. blockade of Haiphong, Moscow and Peking reacted with calculated calm.

Both had seen in Cuba that the specter of nuclear war was too dangerous to contemplate. Ultimately, Cuba thus

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Cuban Missiles and Kennedy Macho: New Evidence to Dispel the Myth

by Graham Allison

The story of the Cuban missile crisis, as told both by fans and critics, is a tale of machismo. President John F. Kennedy stood "eyeball-to-eyeball" with Chairman Khrushchev, faced him down, and forced the Soviet Union to withdraw its offensive missiles from Cuba. Instant histories written in the wake of President Ken-

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nedy's assassination praised the Administration's bold moves in the missile crisis, particularly JFK's guts in refusing to compromise American interests, and his courage in sticking to the original demand that all Soviet missiles be removed without a quid pro quo. More recently, revisionists have criticized Kennedy's recklessness and irresponsibility in insisting that Khrushchev capitulate and cry uncle during a confrontation that JFK himself judged to have a one-in-three chance of nuclear war.

In evaluating JFK's performance in the missile crisis, both those who give him high marks and those who say he failed have accepted the official version of the event as fact. In particular, no one (with the exception of Curtis LeMay) has questioned the theme of JFK's toughness under fire. But during the past decade a great deal of evidence has come to light that casts serious doubt on this interpretation. Specifically, it now seems clear that

on Saturday, October 27, the next to last day of the crisis: 1) Soviet surface-to-air missiles (SAMs) shot down an American U-2 reconnaissance plane over Cuba, and Kennedy refused to retaliate; 2) Kennedy ordered U. S. missiles in Turkey defuzed; and 3) JFK sent his brother, Robert Kennedy, to Soviet ambassador Dobrynin

to arrange a private "deal." To appreciate the significance of these facts, and their implications for the dispute about machismo and JFK's performance in the crisis, it is necessary to reexamine carefully one slice of this fascinating story.

The issue in question is that of JFK's actions in resolving the crisis. Recall the background. In the fall of 1962, after Khrushchev has given Kennedy repeated assurances that the Soviet Union will not install offensive weapons in Cuba, an American U-2 photographs the Soviet Union sneaking missiles into Cuba. Kennedy assembles the Executive Committee of the National Security Council (ExCom) to consider how he should respond. On October 22, Kennedy announces a U. S. naval quarantine of Soviet weapons shipments to Cuba and demands that the Soviets withdraw all strategic offensive missiles from the island. The next day, Soviet ships steaming toward Cuba stop dead on the water, just outside the blockade. But work at the Cuban missile sites proceeds at an accelerated pace. By Friday, October 26, it seems clear that the blockade will not solve the problem: it prevents the Soviets from importing additional missiles but it cannot stop the rush to ready 42 missiles already on the island. The ExCom turns to the question of the next U. S. step. Most members see no alternative to an air strike. The decision will probably be made on Saturday or Sunday and carried out the following Tuesday.

But at the last minute, disaster is avoided. Sunday morning, October 28, Khrushchev announces that the Soviet Union will withdraw the missiles from Cuba.

Our Quid, Their Quo

Allison

The question is: How did Kennedy make Khrushchev capitulate? The essence of the official answer is that he stated his demand clearly, refused to budge even an inch, and thus left Khrushchev with the last clear choice between withdrawal on the one hand, and a path that could lead to nuclear war on the other.

The main points in this official interpretation include the following. On Friday, October 26, a secret letter from Khrushchev arrived, proposing a resolution of the crisis on the following terms: Soviet missiles would be withdrawn and, in return, the U. S. would promise not to invade Cuba. On Saturday, this Soviet offer was reversed by a second, much tougher letter demanding U. S. withdrawal of American missiles in Turkey as the price for Soviet withdrawal of missiles in Cuba.

To most members of the ExCom, a deal of this sort was simply out of the question. Could the U. S. withdraw NATO missiles from Turkey under Soviet threat? Absolutely not. Dean Acheson, a member of the ExCom, found the idea outrageous. Having just returned from Paris and Bonn, where he had briefed General Charles de Gaulle and Chancellor Conrad Adenauer about the crisis, Acheson assured the ExCom group that such a trade would undermine the faith of the whole alliance in America's word. Soviet specialist Llewelyn Thompson warned that, "the Russians would certainly interpret acceptance as proof of weakness." According to presidential assistant Theodore Sorenson's record of the deliberations, "The President had no intention of destroying the alliance by backing down." As JFK had argued the previous week in rejecting UN Ambassador Adlai Stevenson's suggestion of a similar trade-off, he could not make "concessions that could break up the alliance by confirming European suspicions that we would sacrifice their security to protect our interests in an area of no concern to them." Harold Macmillan (Prime Minister of Britain at the time) has recalled his support for the President's "most difficult decision... the refusal, against the advice of weaker brethren in America and

bargain the security of

continued

31 July - 6 Aug. 72

ANATOMIE D'UN TRUST

par
**Anthony
Sampson**



ANTHONY SAMPSON.
Une aventure fabuleuse.

Un homme. Une entreprise. Lui, c'est le P.d.g. le mieux payé du monde. Harold S. Geneen. Elle, c'est I.t.t. (International Telephone & Telegraph), la plus agressive des sociétés multinationales, ces empires modernes plus puissants que les gouvernements, qui s'étendent à travers les frontières. C'est l'histoire de l'homme et de la société qu'Anthony Sampson a entrepris de raconter, aventure fabuleuse commencée il y a dix ans et qui a failli mal tourner ce printemps, dans un énorme scandale politique. Mais il semble que rien ne puisse enrayer la marche de Harold S. Geneen et d'I.t.t. Pas même le projet de renverser le gouvernement chilien, ou l'enquête poussée par Edward Kennedy sur ses appuis au sein du gouvernement. Pour mémoire, I.t.t., en France seulement, ce sont les téléphones C.g.c.t. et L.m.t., les voitures de location Avis, les hôtels Sheraton à Ajaccio et bientôt à Paris, les maisons Levitt, les lampes Claude, les transistors Sonolor, les surgelés Lampe, l'Ecole Pigier.

Et c'est que raconte ici Anthony Sampson.

Un bon scandale politique a la particularité, comme un feu d'artifice, non seulement d'éclairer le sujet central, mais aussi d'illuminer tout ce qui l'entoure. Ensuite, tout le paysage semble différent.

Il en est ainsi, cette année, aux Etats-Unis, avec le trust géant I.t.t. (International Telephone and Telegraph), qui a été récemment au centre de deux scandales : un pot-de-vin offert au Parti républicain et une tentative pour empêcher la coalition de gauche de triompher au Chili, où le trust a de nombreux intérêts. Ce double scandale a jeté une étrange lueur sur ces zones d'ombre où le monde des affaires côtoie les milieux gouvernementaux. La compagnie a-t-elle vraiment soudoyé la Maison-Blanche pour que soient abandonnées les poursuites déclenchées en vertu de la loi antitrust ? Aurait-elle pu entraîner la chute d'Allende au Chili ? Travaille-t-elle main dans la main avec la C.i.a. ? A-t-elle mis la Chambre et le Sénat dans sa poche ? Ainsi, en cinq mois seulement, une société jusque-là peu connue est devenue une sorte de caricature des grands trusts et de la puissance qu'ils exercent sur leur gouvernement aussi bien que de leurs ramifications internationales.

Le conglomerat I.t.t. est la huitième plus puissante société des Etats-Unis, avec un chiffre de ventes annuel supérieur au budget du commerce extérieur de la plupart des pays où il opère. C'est la plus grosse compagnie américaine en

Europe, d'où lui vient près de la moitié de ses bénéfices. I.t.t., qui emploie 200 000 personnes en Europe et croît rapidement, est peut-être l'exemple le plus frappant de ces sociétés multinationales qui préoccupent tellement les Européens.

Ce gigantisme est le fruit des dix dernières années seulement et l'œuvre d'un homme seul, Harold Geneen. Alors que tout le monde annonce la fin des grands patrons au profit des anonymes technocrates, il revendique avec raison le titre de dernier grand magnat. Il a d'ailleurs gagné, l'année dernière, le salaire le plus élevé de toute l'Amérique : plus de 4 millions de Francs. C'est aussi un magnat à l'ancienne mode, avec son zèle quasi évangélique pour la croissance des affaires, son esprit tendu vers un seul et unique but dont rien ne peut le détourner. Quelqu'un a dit de lui que c'était un homme de nulle part. Il ressemble à une sorte de farfadet qui pourrait changer tout ce qu'il touche en or et saurait transmettre aux autres sa magie.

Son apparence extérieure n'évoque pourtant pas la puissance. Tiré à quatre épingles dans son costume sombre, avec une grosse tête et de grosses lunettes comme un hibou, il ressemble plutôt à un comptable. C'est ce qu'il est d'ailleurs, à un niveau supérieur. Mais, dès qu'il se lance dans une discussion, il se met à ressembler à un lutin. Il gesticule avec excitation, son long doigt pointé comme s'il voulait jeter un sort en décrivant la merveille unique de son système. Ce doigt est sans cesse en mouvement, dans toutes les directions, frotte son nez, effleure son oreille, touche son menton comme en un code secret ; ses yeux brun-vert pétillent derrière ses lunettes, il rit et grimace comme une gargouille.

Il aime répéter que c'est amusant les affaires, et quel plaisir il voudrait que tout le monde en tire. En tout cas, il est clair que, pour lui, il n'existe rien d'autre dans la vie. Il investit toutes ses émotions dans les chiffres, qu'il fait danser ou chanter. « Il voudrait qu'on ait tous l'esprit maison, dit un de ses subordonnés. Mais ce n'est pas la même chose pour nous. »

Geneen explique qu'il ne donne pas d'ordre, mais se contente de montrer comment il faut faire, et qu'ainsi son trust n'est pas aussi gros qu'il y paraît. En fait, il s'agit uniquement de la somme de petites sociétés, liées simplement entre elles par une comptabilité commune. Une fois qu'on a compris

How Business Bolsters Our Intelligence Defenses

From building eyes in the sky to advising Presidents, businessmen are deeply involved in an essential but hush-hush national activity

High over the Eurasian land mass, two Project 647 satellites (Made in U.S.A.) patrol unusual "dwelling" orbits, their delicate sensors watching for a missile launching in the Soviet Union or a nuclear explosion in China.

A propulsion engineer in a secure, windowless California office calculates the range of an Egyptian anti-shiping missile from data gathered by the Central Intelligence Agency. A computer analyst in Boston, his advice needed by the code-breaking National Security Agency, hops a plane to Washington. And a corporate executive answers the President's personal plea for some unpublicized counsel on how to reorganize the Defense Intelligence Agency.

American industry, a world leader in advanced technology, is deep into the complexities of modern intelligence work—and much quieter about it than a swinging James Bond.

The U.S. intelligence establishment, once comparatively simple, is now huge as well as highly sophisticated, costing the government some \$6 billion a year and directly employing 200,000 men and women.

One expert has estimated that 70 per cent of this money and manpower is inextricably involved with the science and technology that, in less than two decades, have revolutionized an essential national activity—essential despite the thaw in the Cold War.

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August 1972

The revolution began in the afternoon in 1954 when Trevor Gardner, a former California businessman who was the Air Force's research and development chief, picked up his Pentagon telephone to make a call at the CIA's request. The man he called was Clarence (Kelly) Johnson, Lockheed Aircraft Corp.'s chief designer, in Burbank, Calif. Nineteen months later, Mr. Johnson's ubiquitous U-2—designed, built and tested in an atmosphere of extreme secrecy—made its first spy flight for the CIA over the Soviet Union.

Today, the U-2 still flies reconnaissance missions over Cuba, potential Latin American trouble spots and the troubled deserts of the Middle East. Its intelligence "cover" was blown in 1960 when a Soviet missile knocked Francis Gary Powers from the sky over Sverdlovsk. But its cameras still rank among the world's best, it can slip over a target more easily than a satellite—and it remains an undisputed symbol of modern, technological espionage.

Ironically, Lockheed did almost as much to push the U-2 into the open—by creating superior spy craft, and therefore reducing the need for secrecy about it—as the Sverdlovsk marksmen did. By 1960, work was well along on a supersonic successor aircraft, the Lockheed SR-71, and on increasingly sophisticated spacecraft that keep an entire planet under observation.

Under the peculiar rules of the intelligence game, Lockheed can admit what everyone already knows—that the U-2 was and is a spy plane. However, it can only concede that the Air Force SR-71 has "strategic reconnaissance" as its mission. And the company cannot even discuss the fact that its Agena rockets have carried almost every American spy satellite launched in the past dozen years.

The rocket's role

While the U-2 clearly marked the beginning of the new espionage, the rocket quickly proved a far more dramatic instrument of change.

Sputnik I, launched on Oct. 4, 1957, left no doubt that rocketry had altered man's destiny.

And the prying eye of the intelligence camera soon peered down from 100 miles in space, rather than 100,000 feet. Big names in the high technology industries were quietly recruited—General Electric Co., CBS

tories, RCA and Philco-Ford, Itek Corp., Eastman Kodak Co., Perkin-Elmer Co., Aerojet-General Corp., TRW Inc.—as well as thousands of smaller suppliers.

Only when first cousins of clandestine devices developed for intelligence work show up in civilian life—in the camera system of the Lunar Orbiter, for example—can companies take oblique credit for remarkable technical achievements.

Industrialist John A. McCone, who succeeded aging spymaster Allen W. Dulles as Central Intelligence Agency director in 1961, and is now back in industry, is given much of the credit for harnessing industry and technology to the intelligence community's needs.

"Dulles had no background for this kind of thing," a top intelligence executive recalls. "McCone had headed the Atomic Energy Commission and been Under Secretary of the Air Force, and he fancied himself something of an engineer.

"He wasn't afraid of the technological game."

The simple communication link that Mr. Gardner used to order the U-2 from Mr. Johnson still operates.

"We can pick up the phone to a West Coast contractor and say, 'Go ahead,'" an intelligence official reports. "Research and development is different in this field than in the military services. We are just plain less bureaucratic.

"Contractors say it is a pleasure to deal with us because they can get decisions quickly. The security rules are hard to live with, but they are more than counterbalanced by the lack of complications."

The leading consumer of new intelligence technology, the CIA, initiates more than 50 per cent of the R&D projects it sponsors but depends on industry for many new ideas. Surprisingly, it and the other intelligence agencies also depend heavily on companies for analytical help. "We don't contract out 'current business' [the hottest new intelligence data] but we might ask someone to do a six-month exhaustive study, say, on the accuracy of an ICBM," one government intelligence official explains.

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Men of Intelligence

By Major-General Sir Kenneth
Strong, K.B.E., C.B.
183 pp. St. Martin's. \$6.95.

An intelligence pro looks at his fellow pros. General Strong has served in a variety of posts; he was wartime Chief of Intelligence under Eisenhower's Supreme Command and Director-General of Intelligence at the Ministry of Defence, so he knows his spies. He discusses such figures as Lieutenant-Colonel Hentsch, Germany's chief intelligence officer in World War I; Gen. John Chateris, Douglas Haig's chief who was sacked; Colonel Gauché of the French Deuxième Bureau, who watched the German buildup between the wars; Allen Dulles and John A. McCone of the C.I.A. Strong downgrades the importance of spies; most useful intelligence information, he maintains, comes from the collation and evaluation of large masses of data from mainly public sources. He defends the function of intelligence in national planning and refuses to impute evil motives to governments that use intelligence service. ✓

July 27, 1972

CONGRESSIONAL RECORD — SENATE

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Mr. PASTORE. Mr. President, the problem before us today, in the form of an amendment by my distinguished and beloved colleague from Texas (Mr. BENTSEN) is a tremendously serious one. We see how controversial it is, one not easy of solution. But, be that as it may, a decision must be made. Each of us must search his conscience and do what he feels is right for the security and survival of the Nation.

I want to say at this juncture—and I say it with deepest sincerity, the gentlemen who are opposed to Trident, are sincere, dedicated, and patriotic. They have firm convictions as to how we should proceed or delay—one way or the other.

For myself, I, too, have searched my conscience. This is an agonizing decision that we have to make because of its tremendous cost. Here we are indeed speaking about billions of dollars. But that is the price of peace. When we talk about national security, unfortunately, we always have to talk about it in terms of billions of dollars. I am more than a little staggered by it. As a matter of fact, before I came to the Senate 22 years ago I had hardly heard the word "billion." I never thought there was that kind of money around.

But, unfortunately, as I see it, we are living in the kind of world today where it is hard to say from day to day what the situation will be tomorrow. I mean, when we try to project ourselves into the future and try to determine what the situation in the world might be, let us say, a decade or a score of years from now, it is certainly difficult. Indeed it is quite impossible.

So many times in our Senate deliberations we have found ourselves wondering whether we have done too much or, regrettably on some occasions, whether we have done too little.

But I must say this, if ever we find we have done too much, but as a result, this world has been without conflict or that we have not involved the world in a nuclear or a thermonuclear holocaust, then about the only thing we can regret is that we spent some money.

On the other hand, if we do too little and a situation should arise analogous to the one in Cuba in October of 1962, suppose America had not have had the muscle to compel our adversary to turn back its ships and its warheads. That could have been disastrous for us. You will remember we were on the edge, we were on the brink, we were almost at the abyss of a nuclear war.

I know how John Kennedy agonized over those moments. Courageously, he took a very, very firm position. He said at that time, "You turn those warheads back from a Cuba that is only 90 miles from our own mainland or I will stop those ships and blow them up, if necessary."

Because America had the power, Khrushchev turned his ships back.

I have said time and again that when history is recorded a 100 years from today it will show that for Khrushchev, at that moment, who was a man of understanding and great courage, it was the beginning of his political end.

Mr. President, I have been active on the Joint Committee on Atomic Energy since 1953. We have sat in the classified sanctuary of that room that is guarded by a member of the police department 24 hours a day. No one can enter unless he signs his name and adequately identifies himself. No one can sit in the hearing unless he has been cleared or unless he is a member of the Joint Committee on Atomic Energy. It is a room that is constantly being debugged because of what transpires there.

We heard distinguished John McCone when he was head of the CIA and, Allen Dulles, who came before him and now, of course, we have Mr. Helms who is the present Director of the CIA.

They come there and tell us about the nuclear progress and perils in the world. They tell us what progress our adversaries are making. Sometimes the evidence is so severe and so solemn and so serious that, frankly, it gives one goose bumps, to use the vernacular or it makes our hair stand up on our heads. That is the kind of world we are living in today.

Would it not be glorious for mankind, would it not be wonderful for the world, if we could take every bomb and defuse it, destroy it, dump it at the bottom of the ocean—if we could get all the nations of the world, the five members of the nuclear club, to do that. What a glorious day that would be for all mankind.

But all we can do is hope. All we can do is pray. Yet there is more that we can do: we can keep strong enough to make sure that no madman will have the audacity to take a chance and start such a war.

Now, as we have looked at this situation year in and year out, we have found that deterrence is the only guarantee we have against a nuclear holocaust. We have heard this time and again, "Who is going to win the next war?" My friends, no one is going to win the next war. If a global nuclear or thermonuclear war is touched off, it will mean the end of the world. It will mean the extinction of mankind. No one will win. I do not care how many Tridents we have, I do not care how many Polaris missiles we have, I do not care how many other kinds of missiles we have, I do not care how many bombers we have, I do not care how many aircraft carriers we have. No one will win that war once it starts. The only chance we will have is to do now what has to be done, to make sure that no one starts that holocaust. That is the name of the game: Deterrence.

Mr. President, how do we promote deterrence?

I realize that because I say a thing, that does not necessarily make it right. Other people have a perfect right to disagree with me. But I want the Senate to understand, I want the people of my State to understand, and I want the people of the country to understand that I do not want to spend 5 cents more than is absolutely necessary for our defense posture—not a nickel beyond our needs.

But, by the same token, I would not spare \$1—I would spare not \$1—to make sure that we guarantee security and freedom to posterity.

Mr. President, as we agonize over these problems, what do we do?

When a man is sick he goes to see his doctor. He does not try to cure himself because, after all, he has not had the training.

When we hold our hearings and want to get the best advice on subjects we ourselves have not been trained for, what do we do? We go to the experts.

When there is a case in court and we want to establish a medical point, what do we do? We call in the expert. If we have a situation in court that concerns the structure of a house, what do we do? We call in the architect and put him on the stand as an expert.

So, in this moment, what does JOHN PASTORE do?

He looks for the expert. To whom does he turn? He turns to the father of the nuclear Navy, Admiral Rickover. I am telling the people in the Senate at this moment and the people of the country, whether they agree with him or not, his name will be immortal when American history is written. I am talking about Hyman Rickover, the father of our nuclear Navy. It was he who gave us the *Nautilus*. It was he who, against the resistance of the Navy Department, said, "I can make a submarine that can be propelled and stay under water for 30 days if necessary." And he did it.

So, this morning, realizing that this debate would come and realizing that there would be a serious and sincere difference of opinion, I telephoned "Rick" as I call him, and I said, "Admiral, on Trident give it to me, and give it to me straight. I want a Dear John letter from you." Here is my "Dear John" letter. I want to read my "Dear John" letter to the Members of the Senate.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. STENNIS. Mr. President, what time remains?

The PRESIDING OFFICER (Mr. BEALL). The Senator from Mississippi has 86 minutes remaining. The Senator from Texas has 129 minutes remaining.

Mr. STENNIS. Mr. President, I yield the Senator an additional 15 minutes.

The PRESIDING OFFICER. The Senator from Rhode Island is recognized for another 15 minutes.

Mr. PASTORE. Mr. President, the letter reads:

JULY 27, 1972.

DEAR JOHN: In our telephone conversation this morning you requested that I furnish you my views on the following: (1) the need for the Trident submarines, (2) what research has already been done on the Trident submarine and missile, (3) my personal opinion on the feasibility and practicality of the Trident design.

Those are the questions I put to him, and these are the answers he gave in the "Dear John" letter:

The Trident submarines and missiles are needed to increase the survivability of our seaborne deterrent in the 1980's and beyond, and to provide for replacement of our aging Polaris submarines, the oldest of which will be nearly 20 years old before the first Trident submarine becomes operational in the late 1970's.

Our Polaris submarines are limited in their patrol area by the range of their missiles.

28 JUN 1972

Excerpts From the Newly Disclosed Pentagon Papers on the Vietnam Talks

Special to The New York Times

WASHINGTON, June 27—Following are excerpts from the four volumes of the Pentagon papers dealing with efforts to reach a peace settlement in Vietnam, as made available today by the columnist Jack Anderson:

'65 Reports on Outlook for War By U.S. Intelligence Community

Section of Pentagon papers dealing with reports on outlook for Communists' activities, April 22, 1965. First section is attributed to "leading personalities of the United States intelligence community." Section in italics is the Pentagon analysts' explanation, which introduces comments by Adm. William F. Raborn Jr., then Director of Central Intelligence.

If present U.S. policies continue without the introduction of large additional forces or increased U.S. air effort, the Communists are likely to hold to their existing policy of seeking victory in the local military struggle in South Vietnam. They will try to intensify that struggle, supporting it with additional men and equipment. At the same time, D.R.V. air defenses will be strengthened through Soviet and perhaps Chinese aid.

If, however, the U.S. deepens its involvement by increasing its combat role and intensifying its air effort, the intelligence officers believed:

... that the Vietcong, North Vietnam and China would initially ... try to offset the new enemy strength by stepping up the insurgency, reinforcing the Vietcong with the men and equipment necessary. They would likely count on time being on their side and try to force the piecemeal engagement of U.S. troops under conditions which might bog them down in jungle warfare, hoping to present the U.S. with a de facto partition of the country. The Soviet Union ... would almost certainly acquiesce in a decision by Hanoi to intensify the struggle.

This lack of any real prospect of "give" on the enemy's part was also confirmed by Admiral Raborn, shortly after he had succeeded John McCone as Director of Central Intelligence. On the day of Raborn's swearing-in (April 28), the President had given him a letter from McCone which McCone had handed to the President as his last official act. The President had asked Raborn to prepare his own comments on McCone's views. Raborn's comments, circulated to Secretaries Rusk and McNamara on May 6, included the following:

Our limited bombing of the North and our present groundforce build-up in the South are not likely to exert

cause him to meet our present terms in the foreseeable future. I note very recent evidence which suggests that our military pressures are becoming somewhat more damaging to the enemy within South Vietnam, but I am inclined to doubt that this damage is increasing at a rate which will bring him quickly to the conference table.

With particular reference to McCone's recommendation that the U.S. add much heavier air action against the North to its planned combat force deployment to the South, Raborn indicated his agreement, and expressed his belief that such an action would have the following consequences:

The D.R.V. is, in my view, unlikely to engage in meaningful discussions at any time in coming months until U.S. air attacks have begun to damage or destroy its principal economic and military targets. I thus concur with the U.S.I.B.'s judgment of 18 February 1965, that, given such U.S. punishment, the enemy would be 'somewhat more likely' to decide to make some effort to secure a respite, rather than to intensify the struggle further and accept the consequent risks.

And then he added the following advice:

Insofar as possible, we should try to manage any program of expanded bombings in ways which (1) would leave the D.R.V. an opportunity to explore negotiations without complete loss of face, (2) would not preclude any Soviet pressures on Hanoi to keep the war from expanding, and (3) would not suddenly produce extreme world pressures against us. In this connection, the timing and circumstances in which the bombings were extended northward could be of critical importance, particularly in light of the fact that there have been some indications of differing views between Moscow, Peiping and Hanoi. For example, it would probably

be advantageous to expand bombings after, not before, some major new VC move (e.g., obvious concentration for imminent attack on Da Nang or Kontum) and after, not before, any current possibilities of serious negotiations have been fully tested. And such bombings should not be so regular as to leave no interval for the Communists to make concessions with some grace. Indeed, we should keep in mind the possibility of a pause at some appropriate time, which could serve to test the Communist intentions and to exploit any differences on their side.

'65 Note on Resumed Bombing

Message from Secretary of State Rusk to United States Ambassadors in Saigon, London and Ottawa, May 17, 1965.

You should ask Fon Min immediately to inform that beginning Tuesday morning, Saigon time, bombing of North Vietnam will be resumed by U.S. and South Vietnamese forces, marking the end of a five-day suspension.

You should convey message from me that we regret that the reception of the other side to the idea of a pause was not merely negative but hostile. Gromyko told Rusk that our message

to Dobrynin on subject was "insulting." Nevertheless, we do not exclude possibility of other such attempts in future.

There will be no public announcement of the resumption of bombing. When press questions are asked, it will be pointed out that there have been and may again be periods when no bombing will take place in response to operational factors and that we do not discuss these operational questions.

Dick Barbor-Might

Failed Coup in Chile

It is rare for an international corporation to be caught with its trousers down so embarrassingly as in the ITT affair, both the scandal of the contribution to the Republican Party funds and the revelations about the American involvement in attempts to prevent Allende's accession to power in Chile. Next week sees the publication, for the first time in this country, of the documents concerning the latter adventure, which were discovered, and therefore saved from their intended destruction, by the Washington columnist Jack Anderson.*

The single most reassuring factor for the Americans at that time, and one which is emphasised in the ITT Papers, was that the incumbent Christian Democrat president, Eduardo Frei, shared their desire to stop Allende. For constitutional reasons Frei had been unable to represent his party at the 1970 election and had had to relinquish the candidacy to Radomiro Tomic. He hoped now to be able to persuade his party to support the right-wing candidate Jorge Alessandri in the forthcoming congressional election. If this plan succeeded Alessandri would resign as soon as he was elected, a new popular election would be called, and Frei would then lead both his own party and Alessandri's in a united campaign against Allende.

But, if only by implication, the reports from ITT's Latin American representatives admit the dubiety of the electoral strategy. Possibly the recalcitrant Christian Democrat deputies might be frightened into going along with the Alessandri formula. But there was a more sinister possibility, and one to which the Corporation and its advisers amongst the Chilean oligarchy paid a good deal of attention. This was that the left might be provoked into sparking off some incident, thus providing Frei (and the Army command) with the necessary pretext to establish a military dictatorship.

The armed forces leadership and Frei prefer a constitutional way out (i.e., congressional election of Alessandri) that doesn't preclude violence - spontaneous or provoked. A constitutional solution, for instance, could result from massive internal disorders, strikes, urban and rural warfare. This would morally justify an armed forces intervention for an indefinite period.

The problem, as Alessandri's brother-in-law carefully pointed out to a visiting ITT executive, was that the left refused to be provoked ('You can spit in their face in the street,' Matte said, 'and they'll say thank

you.') With Allende keeping his own wilder spirits under control Frei could not be persuaded to adopt a military solution. So, Frei must be pressured.

The leader we thought was missing is right there in the saddle (Frei), but he won't move unless he is provided with a constitutional threat. That threat must be provided one way or another through provocation. At the same time, a subtle but firm enough pressure must be brought to bear on Frei so that he'll respond.

A formidable battery of pressures was already being deployed in Santiago. The Chilean army command was being assured of 'full material and financial assistance by the US military establishment.' ITT were offering general financial assistance for the effort against Allende and proposed to finance a propaganda offensive in Chile as well as in the Latin American and European press. The CIA was keeping in touch with a retired officer, Brigadier General Viaux, who was busily preparing the ground for a military coup which might perhaps be allowed to go ahead in default of Frei's active connivance. The American ambassador was doing all he could to rally Chilean politicians against Allende; not forgetting to remind the president of where his duty lay. ('He has never let up on Frei, to the point of telling him to "put his pants on"') The ambassador received authorisation from President Nixon himself to 'do all possible - short of a Dominican Republic-type action - to keep Allende from taking power.' In other words, anything short of landing the marines.

At the end of September there was a new development. One of ITT's senior vice presidents in Washington was visited by the CIA's director of operations for Latin America. The visitor wanted to enlist ITT's help in a four-point programme.

He indicated that certain steps were being taken but that he was looking for additional help aimed at inducing economic collapse.

Although the executive in question was sceptical of the practicability of the proposals, one of his colleagues was soon able to assure John McCone, an ex-director of the CIA now on the board of ITT, that efforts had been made to persuade other American firms to 'cooperate in some way so as to bring on economic chaos.' But very little followed from this initiative.

He decided in party caucus to support Allende

in the congressional election which was due on 24 October. This decision virtually destroyed the chances of the so-called 'constitutional solution'. If Frei had been unwilling to move *before* his party had formally repudiated his electoral strategy how much less likely that he would do so now that Allende's inauguration was virtually guaranteed. In any case, the Chilean business community was running for cover, hoping to be able to come to some sort of deal with Unidad Popular, while the politicians were beginning to talk of a 'second round' and to express the hope that, once he was in office, Allende could be effectively prevented from putting his programme into effect. The only remaining chance of stopping him lay in Viaux's plans for a military

*ITT and CIA Subversion in Chile Spokesman Books 85p

coup, but by this time his American advisers had caught fright at his unpreparedness.

It is a fact that word was passed to Viaux from Washington to hold back last week. It was felt that he was not adequately prepared, his timing was off, and he should 'cool it' for a later, unspecified date. Embassies pointed out to him that if he moved prematurely and lost, his defeat would be tantamount to a 'Bay of Pigs in Chile'.

ITT's executives were fast losing interest in plots and stratagems. They showed little interest even when the commander-in-chief of the army, a consistent upholder of constitutionality, was assassinated two days before the congressional election. Their efforts were by this time entirely concentrated on pressuring the State Department to in turn place such pressure on Allende that he would be compelled to abandon his programme of nationalisation.

Two particular questions are raised by a study of the ITT papers.

First, there is the question of whether ITT really did manage to generate the sort of pressure which might have made a real difference to the course of events. At first sight the evidence is confusing. The corporation was very active in Washington (coincidentally or otherwise, Nixon's message of authorisation to the ambassador was received only four days after a especially vigorous piece of lobbying, when an offer had been made 'to assist financially in sums up to seven figures'); it did provide financial assistance for the Chilean oligarchy; and it was perceived as a valuable

ARE BUREAUCRACIES IMPORTANT? (OR ALLISON WONDERLAND)

by Stephen D. Krasner

Who and what shapes foreign policy? In recent years, analyses have increasingly emphasized not rational calculations of the national interest or the political goals of national leaders but rather bureaucratic procedures and bureaucratic politics. Starting with Richard Neustadt's *Presidential Power*, a judicious study of leadership published in 1960, this approach has come to portray the American President as trapped by a permanent government more enemy than ally. Bureaucratic theorists imply that it is exceedingly difficult if not impossible for political leaders to control the organizational web which surrounds them. Important decisions result from numerous smaller actions taken by individuals at different levels in the bureaucracy who have partially incompatible national, bureaucratic, political, and personal objectives. They are not necessarily a reflection of the aims and values of high officials.

Presidential Power was well received by John Kennedy, who read it with interest, recommended it to his associates, and commissioned Neustadt to do a private study of the 1962 Skybolt incident. The approach has been developed and used by a number of scholars—Roger Hilsman, Morton Halperin, Arthur Schlesinger, Richard Barnet, and Graham Allison—some of whom held sub-Cabinet positions during the 1960's. It was the subject of a special conference at the RAND Corporation, a main theme of a course at the Woodrow Wilson School at Princeton and the subject of a faculty seminar at Harvard. It is the intellectual paradigm which guides the new public policy program in the John F. Kennedy School of Government at Harvard. Analyses of bureaucratic politics have been used to explain alliance behaviour during the 1956 Suez crisis and the Skybolt incident, Truman's relations with MacArthur, American policy in Vietnam, and now most thoroughly the Cuban missile crisis in Graham Allison's *Essays on Decision Making the Cuban Missile Crisis*, published in 1971 (Little Brown & Company). Allison's volume

article on this subject. With the publication of his book this approach to foreign policy now receives its definitive statement. The bureaucratic interpretation of foreign policy has become the conventional wisdom.

My argument here is that this vision is misleading, dangerous, and compelling: misleading because it obscures the power of the President; dangerous because it undermines the assumptions of democratic politics by relieving high officials of responsibility; and compelling because it offers leaders an excuse for their failures and scholars an opportunity for innumerable reinterpretations and publications.

The contention that the Chief Executive is trammelled by the permanent government has disturbing implications for any effort to impute responsibility to public officials. A democratic political philosophy assumes that responsibility for the acts of governments can be attributed to elected officials. The charges of these men are embodied in legal statutes. The electorate punishes an erring official by rejecting him at the polls. Punishment is senseless unless high officials are responsible for the acts of government. Elections have some impact only if government, that most complex of modern organizations, can be controlled. If the bureaucratic machine escapes manipulation and direction even by the highest officials, then punishment is illogical. Elections are a farce not because the people suffer from false consciousness, but because public officials are impotent, enmeshed in a bureaucracy so large that the actions of government are not responsive to their will. What sense to vote a man out of office when his successor, regardless of his values, will be trapped in the same web of only incrementally mutable standard operating procedures?

The Rational Actor Model

Conventional analyses that focus on the values and objectives of foreign policy, what Allison calls the Rational Actor Model, are perfectly coincident with the ethical assumptions of democratic politics. The state is viewed as a rational unified actor. The behaviour of states is the outcome of a rational decision-making process. This process has three steps. The options for a given situation are spelled out. The consequences of each option are projected. A choice is made which maximizes the values held by decision-makers. The analyst knows what the state did. His objective is to explain why by

How We Sank into Vietnam

Joseph Buttinger

STAT

One of the most puzzling questions future historians will have to deal with is why the United States ever got involved in the contemporary struggle for Indochina that has been going on since 1945. Did the considerations that determined the course of American foreign policy after World War II make this involvement inevitable or could it have been avoided in spite of the tensions that arose after 1945 between the West and the so-called Communist bloc? On this point, opinions will probably always remain divided, but those who believe that no other course could have been chosen without damage to the West or the United States would do well to consider the following:

(1) no Indochina war would have taken place if France had not insisted on reestablishing its control over Vietnam, Cambodia, and Laos after these countries had gained independence following the Japanese surrender in 1945;

(2) it is questionable that the United States would ever have reached the point of even considering intervention in Vietnamese affairs if it had refused from the beginning to support the reestablishment of French rule in Indochina.

It is indeed one of the important conclusions of the Pentagon Papers "that the Truman Administration's decision to give military aid to France in her colonial war against the Communist-led Vietminh 'directly involved' the United States in Vietnam and 'set' the course of American policy."¹

Yet this decision was made only in 1950, after the victory of Communism in China and the recognition of Ho Chi Minh's regime by the Soviet Union and Communist China. It would never have come about had it not been preceded by the decision made by the victorious Allies at the Potsdam Conference of July 17 to August 2, 1945, which gave the French not only a free hand but also Allied support for the reconquest of Indochina. This Potsdam decision, supported only by the British under both Churchill and Attlee, might not have been taken if President

Roosevelt had still been alive. It was opposed by Nationalist China under Chiang Kai-shek and certainly not favored by Stalin. Vigorous American opposition to it would probably have led to the acceptance of Roosevelt's concept of a United Nations Trusteeship for French Indochina as a first step toward full independence.

Surprisingly on this crucial point the conclusion of the Pentagon Papers is that Roosevelt "never made up his mind whether to support the French desire to reclaim their Indochinese colonies from the Japanese at the end of the war."² In view of the forceful statements Roosevelt made against the return of the French to Indochina to his Secretary of State Cordell Hull and to his son Elliot, as reported in their memoirs,³ this conclusion must be regarded as erroneous.

There has been much speculation about the question whether American massive military intervention in Vietnam might not have been avoided if President Kennedy had been alive. It is unlikely that this question will ever be answered with any degree of certainty. But it is probable that Vietnam after 1945 would have experienced a period of peaceful evolution toward independence, under a regime not unlike that of Tito's Yugoslavia, if Roosevelt had lived and succeeded in imposing his anticolonial solution for Indochina. Nor is it far-fetched to assume that Roosevelt would not have disregarded the appeals of Ho Chi Minh, in at least eight letters to Washington in 1945-46 for United States and United Nations intervention against French colonialism.⁴ "There is no record . . . that any of these appeals were answered."⁵ Not until publication of the Pentagon Papers did the American public hear of the existence of these letters.

Yet the Truman administration's policy toward Vietnam remained ambivalent for at least the first three years of the Indochina war. On the one hand, the U.S. "fully recognized France's sovereign position," as Secretary of State George Marshall said in a still secret State Department cablegram sent to the U.S. Embassy in Paris; on the other hand,

ITT AND THE CIA:

The Making of a Foreign Policy

DALE L. JOHNSON, JOHN POLLOCK, and JANE SWEENEY

When columnist Jack Anderson recently released documents which indicate that International Telephone and Telegraph (ITT) and the Central Intelligence Agency (CIA) engaged in efforts to prevent President Salvador Allende from assuming power in Chile, the revelations provided an occasion to raise a pertinent question: What interests do ITT and other multinational corporations have in Chile that could make such corporate intervention and U.S. Government complicity plausible?

The Anderson documents, which the columnist said came from the private files of ITT's Washington office, to which he seems to have singular access, reveal that ITT put great pressure on the U.S. Government to block Allende, at one point offering "to assist financially in sums up to seven figures." For its part the Government, through the CIA, suggested a scheme designed to "reduce the Chilean economy to chaos," and thus bring about a military uprising, according to one of the documents.

The documents—eighty-two pages in all—covered the period between September and November 1970 when Allende became the first avowed Marxist elected to lead a country in the Western Hemisphere. The ITT confidential memoranda revealed that several weeks before Allende was to take office, U.S. 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."

The recent revelations of ITT's friendly ties to the CIA—and to the Republican Party, as disclosed in other alleged ITT documents made public by Anderson—represent only one part of the conglomerate's relation to the U.S. Government. With \$233 million in

defense business in 1971, ITT ranks number twenty-three on the Defense Department's list of prime contractors.

ITT is among the largest of U.S.-based multinational corporations. Like all multinationals, ITT views economic nationalism, especially when it is combined with efforts, as in Chile, to build a socialist society, as a fundamental threat to its interests. In 1970, forty-seven per cent of ITT's assets and sales were located abroad, and fifty-nine per cent of its 1970 profits flowed from foreign operations. Expansion abroad proceeds at an even more rapid clip than ITT's sensational growth inside the United States, where it is now the nation's eighth largest industrial concern. In 1965, ITT was ranked the twenty-eighth multinational corporation; in 1971, it was the sixth largest. The giant international conglomerate operates in sixty countries with more than \$3 billion in assets abroad. It operates in twelve Latin American countries, including Chile.

After Anaconda Copper, nationalized along with Kennecott and Cerro Corporation by the Allende government, ITT has the largest U.S. investment in Chile. The conglomerate owns seventy per cent of the Chilean Telephone Company with assets of \$153 million, as well as Standard Electric Company, which operates in twenty-four countries. ITT also owns two Sheraton Hotels in Santiago, All American Cables and Radio, World Directories, Inc., and ITT World Communications.

Given the revelations of the Anderson documents, it is not hard to imagine ITT officials sitting down to talk about the business of politics with CIA agents and the Chilean equivalent to the Republican National Committee in a luxurious suite at the Hotel Carrera, one of ITT's Sheraton holdings in Santiago. The way is doubtless eased by the fact that the former director of the CIA, John McCone, is on the board of directors of ITT. According to the Anderson papers, McCone figured in the clandestine activities of ITT to prevent Allende from assuming the presidency.

Employing many former government personnel and

Dale L. Johnson, John Pollock, and Jane Sweeney are scholars on the staff of the Chile Research Group at Rutgers University.

ITT: The Real Scandal

In a report to stockholders a few years ago, the officers of the International Telephone and Telegraph Corporation proudly proclaimed that their vast organization "is constantly at work around the clock—in sixty-seven nations on six continents, in activities extending from the Arctic to the Antarctic and quite literally from the bottom of the sea to the moon." Describing that annual report before a hearing of the Senate Monopoly Subcommittee last November, University of Wisconsin economist Willard F. Mueller noted that it was "not unlike what one might expect of a Prime Minister's characterization of the British Empire in its days of glory." The annual reports of ITT and other mammoth corporations, Professor Mueller observed, "increasingly read like a state of the nation address, and in some cases like a state of the world address."

Thanks to some careless disclosures by a loose-lipped ITT lobbyist, some enterprising reportage by columnist Jack Anderson, and some rather fitful investigations subsequently undertaken by the Senate Judiciary Committee, we have all learned a little bit in recent weeks about the true state of the nation and the world. We have been afforded a rare glimpse into the corridors of power, where corporate giants deftly manipulate the processes of government to suit the demands of their balance sheets.

Despite the bland denials issued—under oath—by ITT executives, despite attempts by the Administration and its Congressional errand-boys to dismiss the ITT disclosures as "polit-

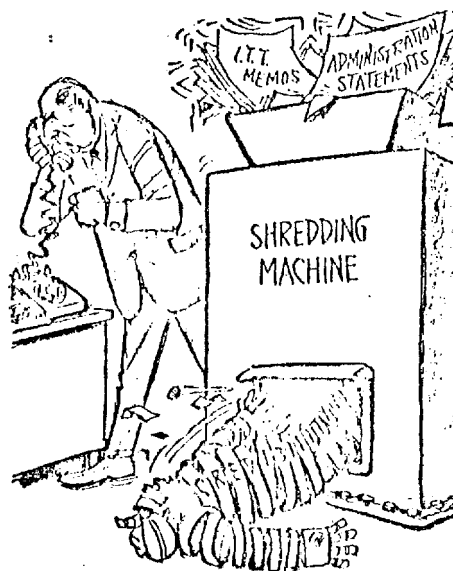
ical jackassery," there is a general public awareness that a scandal of major dimensions lies buried in the revelations. But its outlines have been blurred and obfuscated in the welter of confusing charges and countercharges. As our attention jumps, frantically, from one short-lived sensation to the next, there is a danger that the profound lessons of the ITT affair will be forgotten.

It is significant, of course—and scandalous—that despite the statutory ban on corporate political contributions, ITT could commit \$100,000 or

\$200,000 or \$400,000 or \$600,000—each figure has been cited by persons supposedly in the know, and each has been denied—to the Republican Party's forthcoming convention in San Diego. And it is noteworthy that W. A. (Tony) Boyle, the president of the United Mine Workers, has just been convicted, and faces up to thirty-two years in jail and a \$120,000 fine, for making illegal political contributions, while no one is seriously contemplating prosecution of ITT.

It is significant, of course—and scandalous—that ITT, through direct *ex parte* intervention with its friends in the White House, should obtain reversal of a major decision in the Antitrust Division of the Department of Justice, thereby not only assuring itself of an immensely profitable windfall, but heading off a Supreme Court decision that might have provided the Government with an effective weapon against the wave of conglomerate mergers that has left American consumers at the mercy of monopolies. (ITT, Professor Mueller has pointed out, is "the most acquisitive corporation of the current merger movement," having acquired some 170 foreign and domestic companies in the past decade.)

It is significant, of course—and scandalous—that once they had reached their "understanding" with the Administration on the antitrust action, but before it became a matter of public knowledge, ITT officers were able to engage in profitable stock transactions, to the detriment of the rank-and-file shareholders whose interests the com-



Herb Block
 Herb Block in The Washington Post

"Call Mrs. Beard's doctor—there's been a terrible accident!"

continued

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Jack Anderson's Distortions

STAT

An Analysis of Chile and Its Probable ITT Grab

By PAUL BETHEL

Paul D. Bethel, a former U.S. Foreign Service Officer, serves as executive director of the Citizens Committee for a Free Cuba. A contributing editor of HUMAN EVENTS, Mr. Bethel has also written on Latin America for the Reporter, National Review, the Hearst Headline Service and United Features Syndicate.

Key-hole-peeking columnist Jack Anderson has turned up a breathtaking discovery: American investors abroad want to protect their investments! Can you imagine anything more subversive than that?

Eighty-two pages of International Telephone and Telegraph memoranda stolen from the ITT files and handed over to Anderson fill in the details of the charges. Molehills of trivia are shaped by Anderson into mountains of evil corporate plots to "overthrow" a Marxist president (Salvador Allende of Chile) when in fact Allende had not even won a clear election, and had to await a vote in Congress before he could be invested with executive power. And Anderson omits pertinent passages and airily distorts others.

The time frame of the Chilean imbroglio is important. The ITT memos cover, roughly, the period from Sept. 14, 1970, following Allende's September 4 squeak-through election (by about 33 percent of the vote) and confirmation of Allende by Congress on October 24. Between these dates a number of courses of U.S. action were proposed, and questions asked.

Should the United States stand, slack-jawed and lazy-minded, like a disinterested spectator, knowing that Allende's Communist-dominated coalition would steal billions of U.S. investments while preparing the way for Soviet imperialism on the South American continent? Or should various avenues designed to prevent this catastrophe be explored?

There could be no doubting Allende's intentions. A friend of Fidel Castro as well as a member of Castro's subversive Latin American Solidarity Organization, Allende had publicly committed his Administration to an anti-democratic, anti-American course. Seizures of foreign (not just U.S.) investments and assets were programmed, along with sufficient hints that they would be replaced by those of Soviet and Red Chinese origin.

Little wonder, then, that U.S. economic enterprise and U.S. foreign policy should, in this instance at least, have so much in common. One can hardly fault ITT's J.D. Neal for writing a memo to ITT Vice President William R. Merriam on Sept. 30, 1970, stating a major dilemma.

"For the past several years," wrote Neal, "the State Department has been predicting an upsurge of Marxism in Chile, and foresaw the culmination of the threat in the September 1970 elections. Knowing this, the U.S. stepped up its AID program in an attempt to help Chile remain democratic."

Neal then listed U.S. aid poured into Chile from 1961 through 1968, some \$1.2 billion. More interesting still is that about three-quarters of the total went into supporting Chile's Christian Democrats. State thought that the radical-left programs of the C.D.'s would undercut Communist appeal. (As we shall see, huge amounts of cash and credits apparently whetted the appetite for more while dulling the C.D. sense of democratic principle.)

ITT's Neal quite properly expressed annoyance and frustration (not confined solely to "big business," by the way) in his memo, pointing out that in congressional hearings State Department representatives justified shoveling huge sums of money into Chile because of Chile's "important political role in the hemisphere."

Senators on the Foreign Relations Committee (specifically Fulbright and Church) knew that the liberal U.S. loan policy to Chile was justified by State and approved by committee because its purpose was to help the Christian Democrats, and, if one is to judge by Church and Fulbright, only incidentally to prevent a Communist takeover. Yet, the loan program failed of its political objective.

The C.D.'s were soundly trounced at the polls and the conservative Nationalist party surged past them to within 39,000 votes of the Allende-led Marxists. When this happened, Neal remarked in his memo, the "This is a Chilean matter; thus, we must not interfere."

Neal then asks: "Why should the U.S. try to be so pious and sanctimonious in September and October of 1970 when over the past few years it had been pouring taxpayers' money into Chile, admittedly to defeat Marxism?" The ITT executive concluded: "Why can't the fight be continued now that the battle is in the homestretch and the enemy is more clearly identifiable?" Good questions.

It is not surprising that the CIA was aware of what ITT was thinking, any more than it should shock the Washington Post's editorial staff that a CIA operative is purported to have been in contact with ITT and other large U.S. investors in Chile. According to Anderson—and parroted by a large segment of the U.S. press—"The papers reveal that ITT dealt regularly with the Central Intelligence Agency (CIA) and, at one point, considered triggering a military coup to head off Allende's election."

Anderson's charge is at best grossly overstated; at worst a deliberate calumny. The "papers" referred to by Anderson in support of his charge consist of a single memo written to ITT Board Member John McCone by Vice President Merriam. In it, Merriam discloses that he lunched with what apparently was a member of the CIA. The CIA contact told Merriam, according to the memo: "Approaches continue to be made to select members of the Armed Forces in an attempt to have them lead some sort of uprising—no success to date." This, to Anderson, was an ITT "plot."

This writer's study of the 82 pages of documents fails to reveal that ITT policy ever endorsed the idea of a military coup, much less participation in "triggering" it. Approaches may have been made to the Armed Forces, as the purported CIA contact indicated. The question is: By whom? By desperate Chileans, according to dispatches written by ITT field representative Robert Berrellez.

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I.T.T., in fact, often acts and sounds more like a government than a private company. It employs former American diplomats and former foreign correspondents, including a Pulitzer Prize winner. In recent years it has established its own foreign-policy and foreign-intelligence units. To assist its president, Harold Geneen, I.T.T. has a star-studded board of directors, including the former head of the Central Intelligence Agency, John A. McCone, and a number of well-connected international bankers.

—*The Times*.

The French ones are the best.

Gebt ITT eine Chance!

Seltsam, Richard Nixon, den großmauligen und erfolglosen Chef der konkursverdächtigen Unternehmergruppe USA kennt jeder. Harold S. Geneen aber, der erfolgreiche Präsident der Weltmacht ITT (International Telephone und Telegraph Corporation), war bis vor kurzem völlig unbekannt, obwohl sein Reich nahezu die gesamte freie Welt umfaßt.

Zwei Wohltaten, die der ITT-Präsident in aller Stille begangen hatte und die jetzt – gegen seinen Willen – bekannt wurden, haben endlich ein wenig von der Aufmerksamkeit erregt, die dieser Mann und sein Weltreich verdienen. Nixons Administration hatte das ITT-Reich mit einer Antitrust-Klage behelligt, weil Geneen die zwei Milliarden Dollar schwere Hartford Fire Insurance entgegen den Antitrust-Bestimmungen in den ITT-Verband aufgenommen hatte.

Genees ITT aber erboste sich nicht, im Gegenteil, wohlthätig stiftete sie für den bevorstehenden Parteitag von Nixons Republikanischer Partei 400 000 Dollar. Und siehe, da erleuchtete sich Nixons Sinn. Er wies – so eine Aussage vor dem Rechtsausschuß des US-Senats – seinen Justizminister Mitchell an, für eine „vernünftige Lösung“ zu sorgen. Als vernünftig erwies sich, daß ITT die Hartford Fire behalten darf.

Die zweite ITT-Wohltat blieb unvollendet. „Bis zu siebenstelligen Summen“ wollte ITT anlegen, um Chile von seinem freigeählten Präsidenten Allende zu befreien. Der frühere CIA-Chef John McCone, der jetzt, wie andere bewährte Staatsdiener, im Direktorium von ITT sitzt, gestand ein, daß ITT zusammen mit der Nixon-Regierung eine Aktion gegen den chilenischen Präsidenten Allende geplant hatte.

ITT und USA setzten auf den General Viaux, der freilich inzwischen in einem chilenischen

Gefängnis sitzt, weil er im Verdacht steht, an der Ermordung des putschunwilligen Generalstabschefs René Schneider beteiligt gewesen zu sein.

Nun kann man gewiß den Ankauf der US-Regierung durch ITT und den Versuch, eine andere Regierung für Chile zu erwerben, als normale geschäftliche Transaktionen, als funktionierende Marktwirtschaft begreifen. In einer freiheitlichen Marktwirtschaft muß schließlich jeder anständige Welt-Konzern das Recht haben, sich die Regierung zu kaufen, die er braucht.

Wer mit diesen Geschäftspraktiken der ITT nicht einverstanden ist, der könnte allerdings auf den Gedanken kommen, ihre Produkte und Dienstleistungen zu boykottieren – immerhin setzt ITT allein in der Bundesrepublik drei Milliarden im Jahr um.

Aber Boykott wäre unfair. Gebt darum SEL, gebt Schaub-Lorenz, gebt Avis, Graetz und allen anderen ITT-Firmen in unserem Land eine ehrliche Chance. Niemand darf schließlich von der ITT-Konzernleitung erwarten, daß sie auf ihre geheiligten politischen Grundsätze verzichtet.

Es sei denn, im Gegengeschäft. Man muß der ITT ihre Grundsätze ganz einfach zu einem fai-

ren Preis abkaufen. Etwa so: Laßt Euch von Eurem Fernsehändler einen Apparat der ITT-Tochter Graetz zur Probe aufstellen. Lobt den Apparat, sagt Ihr wollt den und keinen anderen. Unter einer Bedingung: Konzernchef Harold S. Geneen muß persönlich einen Garantieschein unterzeichnen, daß auf dem Bildschirm in den nächsten sechs Monaten kein Putsch in Chile zu sehen sein wird. Verlaßt Euch darauf: Geneen hat die Macht, sechs putschfreie Monate zu garantieren.

Geht während der Rush-hour ins Kaufhaus. Laßt Euch in aller Ruhe von der ITT-Tochter Schaub-Lorenz den Touring International 103 mit dem erstklassigen Fernempfang auf allen Bändern vorführen. Seid begeistert von diesem Kofferradio mit dem hervorragenden Ton. Bevor Ihr aber bezahlt, verlangt eine Garantie, daß Ihr über Kurzwelle aus Santiago de Chile in den nächsten sechs Monaten keinesfalls die Nachricht hören müßt, Allende sei gestürzt. ITT kann das garantieren. Wenn der Verkäufer sich davon nicht überzeugen läßt, verlangt den Abteilungsleiter. Er wird sich – wenn ihm das öfter passiert – zumindest selbst davon überzeugen, daß ITT-Produkte für den schnellen Umsatz in einem Kaufhaus weniger geeignet sind.

Und wenn Ihr ein Büro habt, laßt die tüchtigen Ingenieure von Standard Elektrik Lorenz AG im weltweiten ITT-Firmen-Verband kommen. Laßt sie die Vorzüge der SEL-Sprechanlage („Sie bringt die Mitarbeiter mit einem Tastendruck zum Reden“) vorführen. Vereinbart einen größeren Auftrag. Aber bevor Ihr unterschreibt, verlangt, daß ITT-Direktor McCone – der frühere CIA-Chef also – Euch schriftlich sein Ehrenwort gibt, daß der CIA – oder in Amtshilfe der BND –

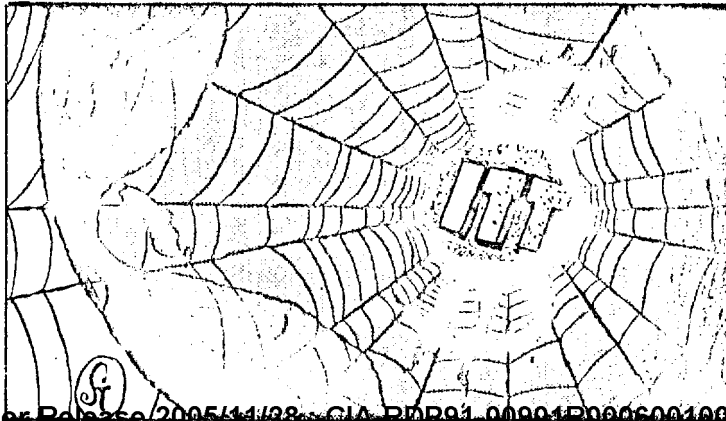
McCone wird das sicher gern garantieren.

Geht zur nächsten AVIS-Station. Laßt Euch einen Vertrag für einen Leihwagen nach Belgrad – auch dort gibt es AVIS noch – ausfertigen. Entdeckt, bevor Ihr unterschreibt, das Firmenzeichen „AVIS Autovermietung GmbH – im weltweiten ITT Firmenverband“. Zerreißt den Vertrag! Sagt, Ihr hättet soeben erst gesehen, daß AVIS zu ITT gehört. Gesteht ein, daß Ihr gejubelt habt, als Allende die ITT-Enteignung verkündete. Gebt jetzt zu, daß Ihr es also einer ITT-Tochter nicht zumuten möchtet, mit Euren subversiven Gedanken in ihren schönen, schnellen, neuen Wagen zu sitzen.

Laßt Euch einen Vertreter der Intercontinental Lebensversicherungs AG – auch aus dem ITT-Konzern – ins Haus kommen. Sagt ihm, Ihr wollt eine Lebensversicherung über eine halbe Million abschließen. Lest in seiner Gegenwart die Geschäftsbedingungen gründlich durch. Entdeckt, daß kein Paragraph die Intercontinental Lebensversicherung daran hindert, sich irgend einen Meier oder Müller im Bonner Bundestag zu kaufen, um die Regierung Brandt zu stürzen. Sagt dem Vertreter, er solle erst wiederkommen, wenn ein solches Verbot in die Bedingungen aufgenommen wird, denn bei einer ITT-Firma könne man ja leider nicht wissen, ob ...

Und so gibt es noch eine ganze Menge von ITT-Firmen, die jeder Konsument damit beschäftigen kann, der ITT-Leitung seine Meinung nahezubringen: Die Alfred Teves GmbH mit den in vielen Autos eingebauten ATE-Bremsen, die SWF-Spezialfabrik für Autozubehör, die Grönland GmbH, die in allen größeren Städten empfindliche Tiefkühlkost ins Haus bringt, die Grohe-Gruppe für Badezimmer-Armaturen, die Transatlantische Versicherungs AG, die Münchner Sheraton Hotel GmbH und noch einige mehr.

All diesen ITT-Firmen wird es sicherlich viel Spaß machen, im Rahmen eines besonderen Kundendienstes vor jedem Kauf- oder Vertragsabschluß Auskunft über die politische Zukunft Chiles, über die neuesten Erkenntnisse des CIA oder über die Preisentwicklung beim Ankauf von US-Regierungsbeschlüssen zu geben.



Little things they don't report

By Barry Cohen

Yossarian: Don't the people in the control towers ever raise hell?

Milo: They all belong to the syndicate. And they know that what's good for the syndicate is good for the country, because that's what makes Sammy run. The men in the control towers have a share, too, and that's why they always have to do whatever they can to help the syndicate.

Catch 22

In 1967, when the Justice Department was successfully preventing International Telephone and Telegraph from buying the American Broadcasting Company, the D of J hauled out some documents in court to prove that because of its international connections ITT was unfit to own such a massive broadcasting network as ABC. Among the documents were communications written in 1954 by Ellery Wheeler Stone, Navy admiral during World War II and a top officer of ITT afterward. The communications (were they called Memos?) were in relation to ITT's Operation Deep Freeze, an attempt to persuade the governments of five countries to grant ITT the rights to construction of a privately owned cable system connecting the United States to Canada, Greenland, Iceland and the United Kingdom. Stone had written:

I know Sir Roger Makins, your Ambassador here (in the US), very well, and also Sir Harold Caccia who is now in the Foreign Office (later director of Standart Telephones). Caccia was my British political adviser in Italy for one year. Also Harold Macmillan, who is being mentioned over here as successor to Mr. Eden if and when Sir Winston retires. I served with General John Harding in Italy when we were both under Alex (Field Marshall Sir Harold Alexander), and Admiral McEager, First Sea Lord, served under me in Italy, so I am hoping at least to be received by these

gentlemen should we run into serious trouble.

Serious trouble did indeed develop, and Stone was as good as his word in his attempts to correct it, writing:

Had meeting with Harold Macmillan, Minister of Defense, Tuesday, 20 minutes of which were devoted to briefing him on Deep Freeze with full representation of JCS (U.S. Joint Chiefs of Staff) position. . . . Half way thru our meeting he dictated memo to permanent Secretary of his Ministry, advising of his relationship with me during the war, my present position, the cost and route of Deep Freeze and the JCS support saying that he understood our application had been pending for some time. . . . I asked for an opportunity to be heard at highest level if there should be possibility of a negative or restrictive decision. . . . I really feel much good was accomplished becos (sic) of Macmillan's strong position in Government.

Deep freeze never materialized.

ITT's ability to influence high officials also extended to the Canadian government, as witness this memo from ITT's law firm: "Telephone call from L.B. Pearson (then Minister of External Affairs and later Prime Minister of Canada) and he to try to stir things up and let us in n the great difficulty they have run into and bring us into the picture if possible (Confidential)."

ITT felt confident of the full backing of the U.S. gov't., and at one point it was noted in writing: "We feel it is high time for our State Department to step into this picture with a strong message to the FM's (foreign ministers) of all countries involved requesting immediate attention to our project and favorable action on same."

At the same time, concerning news of certain unfavorable developments which they had received from Pearson, "We do not propose to divulge same to State Department. . . . should above become known the consequences would be disastrous."

We still await similarly specific accounts of the meetings between Felix Rohatyn, partner in Lazard Freres, ITT director (and large Muskies contributor), and Richard Kleindienst, Nixon nominee for Attorney General.

The ITT affair exposes in a dramatic way the role of the Nixon Administration as advocate for and client of the biggest financial interests in the country. But it also brings into focus the entire system of corporate domination of the political and public affairs of the U.S. and other countries. Included in the array of tactics employed by business to keep government

And extensive system of lobbies and lobbyists.

- Wining and dining (or other favors) for strategically placed individuals.

- Control of news and other informational media.

- Payrolling of former, future or current public employees.

- Funding of political parties and campaigns, etc.

- Staffing of government and quasi-official agencies with corporate representatives.

As The New York Times commented editorially: "The ITT case casts a shadow over the processes — and the so-called partnership — of big business and government in this country, a shadow that must be removed."

An examination of the past practices of ITT shows that they have employed all of these techniques and more. The list of ITT's stable of politically prominent employees is — like ITT itself — multinational and conglomerate. Director of the ITT Belgium and member of the board of directors of ITT Europe (headquartered in Brussels) is Paul-Herni Spaak, one time premier of Belgium and Secretary General of NATO (also headquartered in Brussels). On the executive committee of the board of directors of ITT is the former head of the Atomic Energy Commission and former Director of the Central Intelligence Agency, John A. McCone. The officers and directors of ITT's foreign subsidiaries include members of the British House of Lords and the French National Assembly, to name a few.

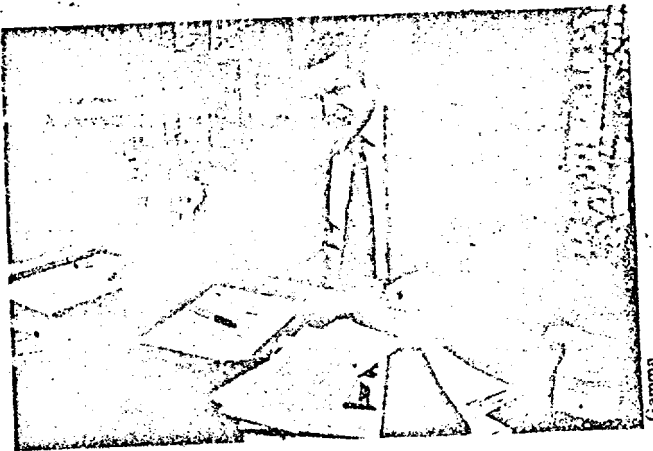
The one hundred biggest defense contractors in the U.S. employ 2,124 former high ranking officers of the Army, Navy, Air Force and Marines. Those who are part of ITT's share of this group are too numerous to mention. Ellery Stone was one of many.

Jimmy Johnson, American University professor, estimates that 80% of the 1,000 largest corporations in the country are represented in Washington by registered lobbyists, law firms, or public relations agencies to "help corporations shape the thinking of politicians." (Business Week)

ITT outdoes most in this respect, having a department for this purpose under senior vice-president for public relations Edward J. Gerrity, Jr. Gerrity has a worldwide staff of 51. His Washington office (called Congressional Liason) was headed by Dita Beard. Susan Lichtman, former employee in the office, reported that Congressmen would call "for favors on a big scale," including the use of corporate jets, vacation vans, etc.

Another sub rosa form of political influence exercised by ITT is contributions made by company executives. J.T. Naylor, the vice president of ITT (in 1960), was introduced to Bobby Baker,

continued



JACK AND
« Un rem
de boue »

JOHN MCCONE.
Un homme
de l'art.



LA CAROTTE ET LE BATON

« A Haïti et à Cuba, j'ai préparé le terrain pour les gars de la National City Bank... J'ai aidé à rassembler une demi-douzaine de Républiques d'Amérique centrale pour le compte de Wall Street... J'ai aidé à nettoyer le Nicaragua pour le compte de la compagnie bancaire Brown Brothers entre 1902 et 1912. »

Ces paroles, d'une franchise toute militaire du général Butler, des Marines, sont souvent citées par les historiens pour caractériser la collusion étroite entre les grandes sociétés américaines et le gouvernement des Etats-Unis à l'époque du « gros bâton », c'est-à-dire de l'intervention armée permanente dans les affaires de l'Amérique latine.

S'agit-il d'une époque vraiment révolue ? On peut se le demander à la lecture des 80 pages de documents rendus publics par le redoutable Jack Anderson, ce journaliste dont les révélations font trembler le Washington officiel. Ces textes, subtilisés dans les archives de l'ITT (International Telephone and Telegraph, puissant conglomerat « multinational »), ne traitent de rien moins que de divers projets tendant à renverser, par le sabotage économique et la subversion, le gouvernement régulièrement élu du Chili, le tout avec l'aide plus ou moins

Département d'Etat et de la Maison-Blanche.

Selon ces documents, dont l'authenticité n'a pas été contestée, diverses actions concertées tendant à désorganiser l'économie chilienne auraient été étudiées et des mesures visant à encourager un coup d'Etat auraient été prises. Dans une note adressée à l'un des administrateurs d'ITT, M. John McCone, ancien directeur de la CIA (un homme de l'art), ces contacts sont évoqués. Une autre indique qu'ITT (qui craignait la nationalisation, intervenue depuis, de sa filiale, la Compagnie Chilienne des Téléphones) est prête à mettre à la disposition de l'opération « plus d'un million de dollars ».

Un autre document précise que l'ambassadeur américain au Chili a reçu « le feu vert du président Nixon ».

Cela se passait en septembre et octobre 1970, alors que Salvador Allende, vainqueur des élections, attendait sa confirmation par le Parlement. Bien entendu, le Département d'Etat et ITT nient formellement toute ingérence dans les affaires intérieures du Chili. Un complot, dirigé par le général chilien Roberto Viaux (dont le nom est cité dans les documents), a échoué assez piteusement. Mais l'impression qu'on

affaire ITT » — la première ayant trait à la « coïncidence » également révélée par Anderson entre une importante contribution financière d'ITT aux dépenses de la « convention » républicaine et l'abandon des poursuites antitrust — c'est qu'il règne une singulière communion d'idées entre les milieux du gouvernement, du renseignement et des grandes affaires. Mais les dirigeants n'en sont-ils pas souvent les mêmes ? Feu Allen Dulles, le grand homme de la CIA, fut, on le sait, président de la United Fruit. John McCone, lui, siège au conseil d'administration d'ITT.

Et, par un curieux hasard, l'un des cabinets d'hommes de loi chargés des intérêts de cette firme a compté parmi ses associés M. Mitchell, ministre de la Justice, jusqu'à une date récente et même... un certain Richard Nixon. Quoi de plus normal que de maintenir ces relations d'amitié et d'affaires ? Il faut vraiment être un mormon moralisateur et borné comme ce « remueur de boue » de Jack Anderson pour s'en formaliser et insinuer que ces grandes sociétés américaines multinationales comme à l'époque du « gros bâton » — mais plus discrètement — continuent à confondre délibérément leurs intérêts propres et la politique des Etats-Unis.

Letters To The Editor

More on the ITT Affair

I don't know why some people should have trouble understanding what conspiracy is. In The Post on March 31, you show a picture of Philip Berrigan on his way to the courtroom with his hands in chains. Beneath the picture is an article in which John A. McCone, a director currently with ITT and formerly with CIA, both of which have interests in Latin America, is said to confirm Jack Anderson's disclosures that corporate executives of ITT discussed economic reprisals and a possible military coup to prevent Allende from becoming president of Chile. "Conspiracy" is discussing how to change our government's policy out of religious conviction. When you discuss how to change their government and are employed by ITT or are being considered for employment, that is known as "commerce."

RALPH TREITEL.

Columbia.

CHARLOTTE, N.C.
NEWS

APR 4 1972
E - 65,014

ITT And Chile

As if the company didn't have enough troubles, one of International Telephone & Telegraph Corporation's directors has confirmed reports that the mammoth firm seriously considered meddling, quite deeply, in Chile's internal affairs and, indeed, volunteered its services to the Central Intelligence Agency. ITT, which suffers a credibility gap, initially denied the charge, made by columnist Jack Anderson, as "without foundation in fact."

This particular storm subsided until, lo and behold, a person very much in a position to know told Business Week magazine that the Anderson memos detailing plans were authentic, and that ITT had told the U.S. government, "If you have a plan, we'll help with it." While he asserted they were used out-of-context, the confirmation came from John A. McCone, former CIA director and a member of the ITT board of directors since 1966 as well as a member of its executive committee. The occasion for the ITT offer had been the election of a Marxist president in Chile.

To be sure, strictly from a business standpoint, ITT's apparent zeal to protect its Chilean investment was justified. As was feared, the government there did nationalize the 70 per cent, ITT-owned Chile Telephone Co. ITT estimates its loss at \$70 million. But there is a larger, more disturbing question than ITT's loss of capital. That is the prestige and influence the U.S. loses when American firms, with or without the cooperation of the federal government, interfere in the affairs of foreign governments.

For that is precisely the charge that is too often heard coming from Communist quarters, that the United States "seeks to control weaker countries through economic intervention." And the charge doesn't come just from Communists.

True, from all appearances ITT



McCONE

Serious Questions Raised By Confirmation Of Memos

didn't actually do anything. It just expressed its willingness to "help." Worse, the government was a party to collusion with ITT. CIA representatives reportedly met on several occasions with ITT functionaries to discuss possibilities.

ITT Director McCone told Business Week he and ITT Chairman Harold S. Geneen are "filled with regret at the way the memos (revealing all this) were written and the way they have been read by the press so that our true policy has been distorted."

If that's true, it's time somebody other than McCone said it. The last that was heard from Geneen through his public relations staff was that the charges were "without foundation in fact."

Hopefully, Congress will add this to its now rather lengthy list of ITT-related matters to investigate. Nothing less than full explanation of them will be satisfactory.

SUNBURY, PA.

Approved For Release 2005/11/28 : CIA-RDP91-00901R000600100017-6

APR 4 1972
E - 22,985

Freedom, Ah, It's Wonderful

Sharp indeed is the contrast between the suppression of public information in countries behind the iron curtain in Eastern Europe and the bamboo shield in Asia when one considers the goldfish bowl operation of government in these United States. Nevertheless dissenters and critics, whether motivated by politics, sincere convictions or plain antagonism toward the American way of life, are raising their voices to a high pitch and their targets are numerous and varied.

Approaching the ultimate is a movement now under way to require the Central Intelligence Agency, top secret arm of the federal government, divulge to Congress its most confidential and sensitive reports. And John A. McCone, former CIA director has not only endorsed the legislation, which the Nixon administration opposes, but has committed himself to testify in support of it in an anticipated Senate Foreign Relations Committee hearing.

The role of the CIA in Southeast Asia has cropped up incidentally from time to time and its imprint has been visible in the Middle East as well as in Latin America, most recently in connection with alleged efforts to counter the Allende regime's communizing of Chile and the confiscation of valuable industrial properties owned by United States investors.

Veils of secrecy, the rending of which lead to imprisonment in Soviet Russia, as illustrated by the recent imposition of prison terms of up to 18 years upon dissenters, naturally raise questions in American minds, but the character of CIA operations and their effectiveness with respect to the nation's security are vital considerations. And the blabbermouth tendencies of many members of Congress, including some of the most influential senators are well known.

If these men faithfully performed their duties fears of intolerable super secrecy would be needless.

Misconstruing liberty for license is a practice that has been carried to extremes, as witness an attempt by sympathizers of Father Philip Berrigan and his co-defendants in an alleged anarchistic conspiracy of shocking proportions to blockade the Harrisburg federal building where they have been on trial. And in this same connection, the arrival on that scene of Alger Hiss who served a much-too-short prison sentence for selling, while a top aide in the Department of State, secret information to Soviet Russia. His harangue outside the courthouse to the effect that the Berrigan case was another example of "McCarthyism" could hardly have been in poorer taste. And in this same connection, Berrigan sympathizers taking credit for damaging a number of shell casings at a York defense plant in protest against the waning Vietnam war added to the nausea.

Finally, Federal Judge Joseph Lord of Philadelphia ruled in recent days, over opposition of the federal government, that a dissenters' suit contesting the constitutionality of the Vietnam war is entirely in order and merits full judicial consideration. So a three-judge panel will conduct a belated post-mortem. The complications inherent in that litigation are too earth-shaking for ready comprehension, but there it is — more than a decade after the Kennedy administration involved the nation in the conflict.

America has been traditionally known as the bastion of liberty. Evidence of every kind has been abundant, but the gyrations at times become most confusing.

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ALWAYS
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McCone (left) with Geneen: The entree was easy at 'the McLean agency'

ITT: Now, The Chile Papers

The ITT affair was suddenly transformed last week into a tale of foreign intrigue. And once again the man who broke the story was columnist Jack Anderson, whose uncanny access to the nation's secret filing cabinets has very nearly earned him the status of an independent branch of government (page 53). Anderson released a set of purported corporate documents indicating that the huge International Telephone and Telegraph conglomerate had maneuvered, possibly with some connivance by U.S. officials, to try to block the 1970 election of Marxist President Salvador Allende Gossens in Chile. Though evidence of high-level government complicity was slight, the new revelations again pointed up ITT's entree to higher echelons of government that has been a key feature of the story from the start.

For a while, at least, ITT's Chilean imbroglio overshadowed the Dita Beard episode with which the whole ruckus had begun. But Mrs. Beard was due to return to stage center this week. The ITT lobbyist now denies that she ever wrote the memo that Anderson released three weeks ago linking the company's antitrust settlement with its "noble commitment" of at least \$200,000 support for this summer's Republican National Convention in San Diego. To try to get to the truth, a special subcommittee of the Senate Judiciary Committee was appointed to interview her for three days in the lounge of the Denver hospital where she is laid up with heart trouble.

The drama's other actors also had new lines. Columnist Anderson complained that ITT and the White House had launched undercover campaigns to investigate and discredit him. Sen. John Tunney, a California Democrat, called upon the Judiciary Committee to include Life magazine's charges that the Justice Depart-

ment had quashed investigations of financial finagling by prominent San Diego citizens, including a close friend of President Nixon's. Judiciary chairman James Eastland agreed to render a new judgment on the nomination of Richard Kleindienst as Attorney General, which his committee had earlier approved. And the Senate Foreign Relations Committee, prompted by Anderson's Chile papers, planned an investigation of international corporations and their influence on U.S. foreign policy. The committee subpoenaed all ITT documents relating to Chile between Sept. 1 and Nov. 1, 1970. This was the crucial period encompassing Allende's victory in the popular vote and his ultimate selection by the Chilean Congress, which had the final say because he had not won an outright majority.

'Very Discreet': Certain tidbits of last week's Anderson documents—27 memorandums, letters and cables purportedly written by ITT functionaries—did indeed suggest that some U.S. officials might have dabbled in stop-Allende game planning. One message, from ITT senior vice president Edward Gerrity to president Harold Geneen, described a talk with a man identified in a later memo as William Broe, then the Central Intelligence Agency's chief of clandestine operations for Latin America. According to the document, Broe outlined a scheme for inducing economic collapse in Chile: banks should stop credits, foreign companies should delay in sending in money or materials, technical assistance should be withdrawn. Interestingly enough, ITT seems to have spurned the overture. Geneen, according to a later memo, considered the plan unworkable and advised "that we be very discreet in handling Broe."

was far from standoffish about efforts to block Allende in order to protect its

\$225 million of Chilean investments—chiefly the country's main telephone system, two hotels and a small communications equipment firm. ITT's director of international relations, J.D. Neal, in another of the Anderson documents, tells of a phone conversation with a member of Henry Kissinger's staff: "Mr. Geneen," Neal reports, "is willing to come to Washington to discuss ITT's interest and ... we are prepared to assist financially in sums up to seven figures."

'Green Light': Here and there, the memos flicker with hope that at last the U.S. may intervene in Chile. ITT's private Latin American news-gathering team, two former reporters named Hal Hendrix and Robert Berrellez, flash the news that "late Tuesday night (Sept. 15) Ambassador Edward Korry finally received a message from 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, according to the same ITT men, had already "started to maneuver" with Chilean politicians to try to block Allende's election in the Congress. The ambassador, the report goes on, "has never let up on [Chilean President Eduardo] Frei, to the point of telling him to 'put his pants on'."

The CIA makes one final appearance in the script according to Anderson. Two weeks before Allende was finally chosen President, ITT's Washington chief William Merriam sent a memo to John McCone, an ITT director and incidentally a former chief of the CIA. "Today," he reported, "I had lunch with our contact at the McLean agency [presumably Broe—the CIA is based near McLean, Va.]. He is still very, very pessimistic about defeating Allende when the Congression-



Allende: The winner after all

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COVER STORY

The Square Scourge of Washington

THERE is a reporter's daydream: his revelations rock the nation, and he shifts from merely writing news to making it. Newspapers front-page his exposés, he stars at televised hearings and on talk shows, fellow newsmen want to interview him, and the reigning powers that he assaults seem powerless before him. For roughly 9,999 newsmen out of 10,000, that vision remains forever fantasy, but for Jack Northman Anderson it has all come true. A college dropout with no intellectual pretensions, a relentless square whose biggest indulgences are a Sunday-afternoon nap and a second ice-cream cone for dessert, a clumsy writer who has yet to put together any memorable combination of words, he has nonetheless emerged in the past dozen weeks as the pre-eminent scourge of Washington. Security precautions in many offices are being tightened because no one knows where he will strike next. Nationwide, he is a household name. Now the most celebrated practitioner of the muckraking tradition, Anderson has conquered the shadow of his late employer and friend, Drew Pearson.

Anderson startled and embarrassed the Administration when he published secret papers showing a strong anti-Indian bias in Washington's handling of the India-Pakistan war. While hardly of the same magnitude, his story about Ambassador Arthur Watson getting drunk on a commercial airliner also produced red faces—and no denials. That was only a pinprick compared with his ITT charge. Anderson reported that the Justice Department settled an antitrust suit against ITT, on terms relatively favorable to the firm, at about the same time that ITT promised a contribution to help pay for the Republican Convention.

Chumminess. That accusation has endangered the confirmation of Richard Kleindienst as Attorney General, discomfited both the White House and the largest of all multinational conglomerates and set off a major Senate investigation. At the end of last week seven Senators flew to Denver to question the ailing Mrs. Dita Beard in her hospital room about the controversial memo* ostensibly written by her.

The case remains far from settled. No wrongdoing has yet been conclusively proved; indeed, hardly anyone se-

riously thinks that ITT tried to buy off the Justice Department, or that it could have. What is being widely suggested is a Washington atmosphere of moneyed chumminess, of convenient convergence of interests between certain businesses and Government.

Meanwhile, Anderson returned to

does get tips from disgruntled secretaries and clerks, as well as from newspaper reporters whom he sometimes pays. He also has a network of regular informants among Senate aides, sub-Cabinet officials and Civil Service careerists in every important branch of Government. He has received documents from

STEVE NORTHUP—CAMERA 5



MUCKRAKER ANDERSON ADDRESSING COLLEGE STUDENTS IN PHILADELPHIA

the attack. Last week he flaunted a sheaf of stolen ITT documents. On the basis of these, he charges that some ITT staffers and U.S. Government personnel plotted to prevent Salvador Allende, a Marxist, from taking office as President of Chile (see box, page 42).

This indictment too is already having wide impact. Even if the story is only partly true, it confirms the ugly suspicions in Latin America about a modern version of gunboat diplomacy, and about the Nixon Administration's intimacy with those old villains, *Yanqui* business and the "vested interests." ITT, meanwhile, is worried about the safety of its personnel in Latin America, where radicals like to take symbolic hostages.

The conglomerate is also anxious about further disclosures; Anderson has more documents as yet unreleased. Though ITT has destroyed some of its files and hired the international investigative agency Intertel to look into the leakage, the culprit is still unknown. It has access to tightly held material. One theory: "A goddam angry secretary."

It is a plausible idea. Anderson often

the White House, CIA, Pentagon, State Department and, on one occasion, part of a message to TIME from its Boston bureau. With three full-time legmen, Anderson rigorously follows up leads. He then divides the results into seven chapters a week of scandal and assorted disclosures for his column "The Washington Merry-Go-Round."

The column is a mishmash with an uneven history. After Pearson's death in 1969, the heir suffered dry periods in which his output was only so-so. Not even Jack Anderson can find an interesting piece of skulduggery every day. So he relates, in tones of breathless outrage, such gossip as a 1970 bit about the then mayor of Tucson, James Corbett Jr., allegedly barging uninvited into a young woman's Washington room and biting her knee (Corbett the subsequent election). Anderson polices the drinking habits of Hill (he is an abstemious) and waxes indignant when

These marginalia dovetail with Anderson's more important work. A vein of moralism runs through

*An FBI test of the document indicated that it was typed about the time of the ITT trial. While not conclusive, the FBI finding supports Anderson's story rather than the theory that the memo was actually written later. ITT, however, insists that chemical analysis indicates the

COMMUNICATIONS

ITT's public relations fiasco

Despite the welter of testimony and newspaper stories implying questionable relations between International Telephone & Telegraph Corp. and the Justice Dept., the Central Intelligence Agency, and the White House, there has been no concrete evidence yet produced of any illegal conduct. Still, the publicity has damaged ITT's public image. Even sophisticated businessmen and investors are talking of the damage done to the reputation of business in general, describing ITT's recent conduct as arrogant and conscienceless. At midweek, the common stock hit a low for the year.

ITT is caught up in a full-fledged public relations fiasco, with an unaccustomed spotlight beaming on the office of Edward J. Gerrity, Jr., senior vice-president for public relations. Gerrity, 48, a onetime Scranton (Pa.) newspaperman, oversees ITT's far-flung corporate relations staff, including public relations, advertising, and dealings with government agencies. Dita Beard, the lobbyist whose alleged memo about the company's contributions to the San Diego Convention Bureau started the brouhaha, works for Gerrity.

The credibility. Gerrity's operation, which has a staff of 51 worldwide, has had a reputation for being effective but heavy-handed.

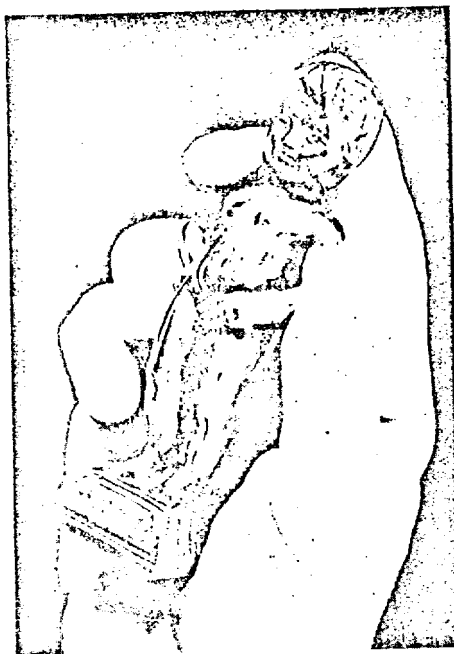
In 1967, for instance, three Washington reporters covering the Federal Communications Commission hearings into ITT's proposed acquisition of American Broadcasting Co. testified that ITT public relations staffers pressured them for better treatment. Eileen Shanahan, a *New York Times* reporter, said that Gerrity "badgered" her, and she later claimed that ITT asked a former employer about her character. Now, shredded documents, discrediting medical testimony, and ill-advised memoranda have all combined to make things look very bad for ITT.

When columnist Jack Anderson published alleged ITT internal memos implicating ITT in a scheme to block the election of Chilean president Salvador Allende, ITT public relations issued a statement describing as "without foundation in fact" Anderson's claim that the conglomerate "had participated in planning any plots or coup against him [Allende]."

Yet former CIA director John A. McCone, a member of the ITT board of directors since 1966 and a member of its executive committee, this week confirmed that moves against Allende had indeed been discussed at ITT. McCone

company told the U. S. government, "If you have a plan, we'll help with it." Far from disavowing the authenticity of the memos published by Anderson, McCone says "those were staff." And he adds that suggestions of "economic repression" measures were "prudently, properly, and firmly rejected by Geneen and his operating people." McCone adds that ITT Chairman Harold S. Geneen and he are filled with "regret at the way that the memos were written and the way they have been read by the press so that our true policy has been distorted."

The image. The way they are being interpreted by the press is, of course, a problem for globally ambitious ITT, as well as for "Ned" Gerrity. What he and



ITT's statuette: A manneken pis for members of The Brussels Boys-Club.

his staff think of it all is unknown, for Gerrity is refusing interviews "on the advice of our lawyers."

ITT is not a corporation known for hiding its light. Each year several hundred journalists, ranging from financial writers to police-beat hacks, gather at Manhattan's St. Regis Roof for a bash that ITT's public relations department calls "The Brussels Boys Club." The tone of the evening is set by a replica of Brussels' famed *manneken pis*, which directs a potable stream into the glasses of thirsty guests. "Members" get statuettes of the *manneken*.

The emphasis on Brussels is not apt. The giant ITT always has one eye fixed on 11 Boulevard de

of ITT-Europe. In 1971, Europe accounted for \$3.1-billion of ITT's total corporate sales of \$7.3-billion. Just last week, the 11-man executive committee of the ITT board flew to Brussels for a special presentation by ITT-Europe. Notably absent were Chairman Geneen and Gerrity, both preoccupied with the hearings in Washington.

Hanging over the meeting was the big question: Will the publicity tar the company with the image of a string-pulling, cloak-and-dagger operation?

Foreign affairs. If ITT's image is hurt in Europe, it could not come at a worse time. The now-famous deal it struck with the Justice Dept., which allowed it to retain Hartford Fire Insurance Co., set a limit of \$100-million on the size of a company it could acquire domestically. In effect, this means that ITT will have to look abroad—especially to Europe—for large acquisitions, and in Europe a favorable government attitude is a prerequisite.

A former ITT manager overseas concedes that marketing and politics go hand in hand in Europe. There is intense expense-account wooing of postal, telephone, and telegraph officials. And the same tender, loving care is devoted to selected French deputies and Spanish *deputados* as ITT lavishes on U. S. congressmen.

ITT also recruits influential allies. The board of Bell Telephone Mfg. Co., ITT's big Antwerp unit, includes former NATO Secretary-General Paul-Henri Spaak, while the late UN Secretary General Trygve Lie was a director of ITT-Norway. Such tactics apparently work: In the last 15 months, ITT has acquired six companies in four countries. **Foreign troubles.** In Latin American operations, administered from New York, the experience has not been so happy. Foreign ownership of telecommunications systems there is out of style. Peru and Ecuador nationalized ITT subsidiaries in 1970, and even friendly Brazil declined to renew the franchise of ITT World Communications.

For all its overseas interests, ITT is not averse to waving Old Glory. For example, when Charles de Gaulle forbade an ITT subsidiary to ship highly secret radar installations to Vietnam, a former executive recalls, "We just slipped the blueprints to the CIA."

Public relations is a management problem, and the current image crisis at ITT is a serious blow to Harold Geneen's reputation for tight controls. An ITT public relations handout quotes a magazine evaluation of Geneen as "the greatest businessman," yet ITT's public relations operations somehow slipped from his grasp. Now, Geneen faces by the Senate Foreign Relations Committee, looking into the influence of multinational corporations on U. S. foreign policy.

1 APR 1972

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STAT

STAT

Harris Asks U. S. Probe Of the ITT-Allende Affair

By FRANK VAN RIPER

Washington, March 31 (NEWS Bureau)—Acting attorney general Richard G. Kleindienst—a central figure in the controversy over International Telephone and Telegraph Corp.'s antitrust activities—was asked by a Democratic senator today to determine whether the firm broke the law when it allegedly sought to block the election of Chilean President Salvador Allende last year.

Oklahoma Democrat Fred R. Harris—an early dropout in the Democratic presidential sweepstakes—asked Kleindienst in a letter made public today to order the Justice Department to probe the latest flap over the conglomerate's activities.

Release of the Harris letter was the latest development in the increasingly partisan controversy over ITT and its purported in-



Associated Press Wirephoto
Susan Lichtman, former secretary to ITT lobbyist Dita Beard, talks at Washington news conference.

Allende to Go On Radio, TV

Santiago, Chile, March 31 (UPI)—President Salvador Allende will go on nationwide radio and television next week to tell the nation about the "ITT affair," government sources said today.

The president will address the nation "so that the country will have complete understanding of such important and delicate matter," government sources said.

fluence in high places. Kleindienst's nomination to succeed John N. Mitchell as attorney general has been held up pending the outcome of lengthy hearings before the Senate Judiciary Committee which Kleindienst himself requested.

Harris based his call for a probe on purported ITT documents made public by columnist Jack Anderson. Harris said ITT might have violated two sections

of the U.S. Code when it sought to keep Allende, a Marxist, from winning his country's presidential election.

The Justice Department declined specific comment on Harris' request. A spokesman said, however, that the Oklahoma Democrat's letter "will be acknowledged."

In the current issue of Business Week magazine, John A. McCone, former director of the Central Intelligence Agency and now one of ITT's directors, acknowledged that ITT agreed to help in any U.S. plans to keep Allende from office. ITT is part owner of the

Chilean telephone system and has other holdings in the country.

The Anderson documents go into great detail on ITT's alleged backstage, anti-Allende role.

Said Harris: The documents picture ITT as "trying unsuccessfully to get other American companies aroused over the fate of their investments" in Chile in order to bring about "economic chaos" that would damage Allende's election bid.

"No specific property is mentioned in the memoranda," Harris said in his letter to Kleindienst. "But in their plans to 'create economic chaos' ITT officials surely had specific targets in mind."

The tone of the purported ITT documents, Harris declared, "strongly suggests that this could have happened and that the pose was to influence political events in Chile."

In another ITT case, Mrs. Susan Lichtman, a secretary for seven weeks to lobbyist Mrs. Dita Beard, said she remembered typing a memo which indicated former Attorney General John N. Mitchell played a part in placing the Republican National Convention in San Diego.

Mitchell has denied any such role and Mrs. Beard said she did not write anything about Mitchell and the convention.

The memo, published by Anderson, drew a link between the convention and the out-of-court settlement of three antitrust suits brought by the Justice Department against ITT.

OPERATION CHILE

V. BOROVSKY

THE OPERATION had been worked out to the last detail. On March 24 a so-called "Women's March for Freedom" was to be staged in Santiago—the most reactionary element among the women of the well-to-do sections had been mobilized for it. During the march, armed assault squads of the fascist-type organization Patria y Libertad (Country and Liberty) were to provoke serious disturbances, creating an atmosphere of chaos and tension. In this "hotted-up" atmosphere, the plotters were to go into action that night, attacking the Moneda Presidential Palace, the President's personal residence, and the prison where the state criminal ex-General Roberto Viaux is kept. Viaux was to be made dictator. President Salvador Allende was to be killed.

This plan for a bloody coup in Chile was nipped in the bud because the army officers the plotters sought to enlist not only rejected their proposals but reported them. The provocative march was banned and some of the plotters seized, together with arms and documents, including maps of the capital showing the assault squads' projected lines of movement.

It emerged that the plot had been masterminded from prison by General Viaux, and his immediate assistant had been ex-Major Arturo Marshall, whose group had maintained liaison with the Patria y Libertad through the treasurer of the latter, Miguel Cubillas. Cubillas was arrested, as were a number of ex-officers, among them Fernando Nierald and Adolfo Ballas. Patria y Libertad führer Pablo Rodríguez, caught red-handed, was, however, soon released on bail by the judicial authorities, who have repeatedly acted like this—their connections with the reactionary element are notorious.

This is not the first time that Marshall, Nierald, Rodríguez and the rest have been used in plottings for a coup.

Marshall, at present a fugitive from justice, was already sacked from the army for sabotage during the Presidency of Eduardo Frei. In 1969 he was deeply involved in the rebellion of

would-be dictator Viaux, and the next year in the attempted fascist coup of General Gamboa. In October 1970, after the Popular Unity bloc won the presidential election, he was picked by the reactionaries to lead a terrorist group that was to assassinate President Allende.

Released on bail after Gamboa's trial, Marshall, witnesses testified, repeatedly declared, "I must kill Allende." It came to light that he and his group had sworn to do so at all costs. Thereupon the military prosecutor gave orders for him to be rearrested, and police surrounded during the night his brother's house, where he was hiding. The Chilean magazine *Ercilla* gave this account of what happened then:

"Marshall shouted out of the window that he would only be dragged dead out of the house. He brandished a pistol and threatened to shoot the first man who approached. When the police started closing in, he fired to scare them, then leaned out with his brother's small son in his arms. The entreaties of the child's parents failed to stop him....

"It was ten in the morning before the police managed to get him out of the house with tear-gas bombs....



With his hand raised in the fascist salute, Pablo Rodríguez, head of the Patria y Libertad organization, exhorts Chile's ultras to oppose the government.

From *Ahora*

"A Japanese rifle with a telescopic sight, a pistol and large quantities of ammunition were found in the house...."

It was not for nothing that the plotters had put the weapons in Marshall's hands—a former Pan-American marksmanship champion, he was now a thug prepared to commit any crime. Yet the investigators and judges again set him at large. As demonstrated by the latest developments, certain quarters needed him to bring off in 1972 what he had failed to bring off in 1970.

SPEARHEAD OF REACTION

Not only Marshall, but Ballas and Nierald too were involved in the 1970 plot. And the threads lead from Marshall not only to General Viaux but to the headquarters of Chilean reaction—the National Party, and to the fascist gang with the false name of Patria y Libertad.

When interrogated in 1970 Marshall admitted that he had "frequently met" National Party chairman Sergio Onofre Jarpa. An ex-nazi who had been switching from party to party, Jarpa was picked up by the oligarchy and has been their faithful servant ever since. After Allende's victory at the polls, he was ordered to reorganize the National Party "in line with the new political phase" to "prepare it for underground struggle"; and this party became the hub of the reactionaries' fight against the government, around it was formed a network of terrorist groups like the Patria y Libertad. It was the National Party that organized landlord resistance (including armed resistance) to the agrarian reform, setting up diehard action squads in the countryside. Jarpa himself made speeches that were practically undisguised calls for rebellion, so that the government finally had to order his arrest and trial. But the courts almost immediately freed him on bail.

The Patria y Libertad was formed of bourgeois youth and lumpenproletarian elements right after the 1970 presidential election. It was to bring together the various small counter-revolutionary groups, such as the Fiducia, which was made up of scions of the bourgeoisie puffed up with their "aristocratic" origins. The Fiducia's spiritual father was the Brazilian Professor Plinio Corrêa de Oliveira, who sings the praises of medieval obscurantism and exhorts

LOUISVILLE, KY.
COURIER JOURNAL

M - 239,949
S - 350,303

MAR 3 1 1972

CIA finally ready to talk?

EVEN OUR SPIES now doubt the wisdom of whispering their secrets into the ears of only one man and giving him exclusive control over that ultimate tool of foreign policy—war.

At least that's the interpretation many observers have placed on John A. McCone's endorsement of Senator John Sherman Cooper's bill to require the Central Intelligence Agency to turn over its secret intelligence reports to Congress. Although Mr. McCone no longer runs the CIA, the agency's former directors are known to be a close-knit group who almost never take a public position which is opposed by the incumbent director.

Since Mr. McCone committed himself the other day to testify in favor of the bill before the Senate Foreign Relations Committee, it's widely believed that he'll be saying what the current CIA director, Richard Helms, would say if he could. The Nixon administration opposes Senator Cooper's bill, and Mr. Helms, if he values his job, must keep silent.

The bill was introduced last July, after publication of the Pentagon Papers revealed that a succession of presidents had deceived the

public and the Congress about the situation in Vietnam. The papers also revealed that the CIA—which over the years had been blamed for many of our failures in Indochina—had, in fact, consistently expressed a skeptical view of our Vietnam policy from the Truman to the Nixon administrations. Acting contrary to intelligence reports that they alone could see, and gulling Congress and the public into blind support of their policies, these presidents eventually gave us our longest and most futile war.

Senator Cooper's bill—which would require the CIA to make regular reports to four congressional committees and supply other information on demand—should prevent a recurrence of those monstrous errors. Mr. McCone's endorsement of the bill is an encouraging sign that such a return to presidential and congressional responsibility isn't impossible.

SENATOR SOAPER SAYS one reason the pandas will go to the Washington Zoo is that the climate there is good for pandas. We had always wondered what it might be good for.

31 MAR 1972

CHILE'S CONGRESS SETS C.I.A. INQUIRY

**I.T.T. Role Another Target
but Doubt Is Voiced**

By JUAN de ONIS
Special to The New York Times

SANTIAGO, Chile, March 30 —The Chilean Congress has decided to investigate past activities of the United States Central Intelligence Agency and the International Telephone and Telegraph Corporation reportedly aimed at keeping President Salvador Allende Gossens from taking office in 1970.

Both the Senate and the Chamber of Deputies called for the investigation after Hernán del Canto, Minister of the Interior, had reported on what he said was a plot by retired military officers and a small, right-wing opposition party to overthrow Dr. Allende last week.

The investigation will be conducted in the Chamber of Deputies. However, the anti-Marxist Opposition, which controls the Congress, questioned the evidence the Government has presented on both the C.I.A. activities and on the supposed plot.

The main opposition party, the Christian Democrats, announced that in protest it would organize a march open to "all democratic parties." The march, it said, would also serve to demonstrate opposition to the refusal by Dr. Allende's left-wing Government to authorize a march by women 10 days ago and another by private organizations Tuesday.

While Congress agreed to an investigation of the C.I.A. in Chile, a court of appeals released on \$82 bail the president of the Fatherland and Liberty movement, Pablo Rodriguez Grez, a lawyer who was accused by the Government prosecutor of fomenting the plot last week.

A retired general, Alberto Green Baquedano, and two retired junior army officers are being held in the plot, which the Government has said called for the assassination of Dr. Allende.

The investigation of the C.I.A. and the International Telephone and Telegraph Corporation, which has large investments here, stems from purported I.T.T. documents made public by Jack Anderson, the syndicated Washington columnist.

The documents, which suggest that I.T.T. employees, some of whom were in contact with the C.I.A. in Washington, tried unsuccessfully to promote a military coup to keep Dr. Allende from taking office, have caused a political storm here.

Ex-C.I.A. Director Cited

John A. McCone, a former director of the Central Intelligence Agency, has confirmed that executives of International Telephone & Telegraph Corporation had discussed moves against President Salvador Allende Crossens of Chile, the magazine Business Week said today.

Mr. McCone, now a member of the I.T.T. board of directors and its executive committee, was quoted as saying he had been consulted and that the company had told the United States Government that if it had a plan to block the election of Dr. Allende, "we'll help with it."

Far from disavowing the authenticity of the memorandum published by Mr. Anderson, Mr. McCone said they were written by I.T.T. staff members, according to Business Week.

I.T.T. spokesmen have denied as "without foundation in fact" allegations that the company had planned or participated in any plots against Dr. Allende in an effort to protect its properties in Chile against expropriation.

31 MAR 1972

Ex-CIA boss: ITT schemed against Chile

✓ NEW YORK (UPI) — A former director of the CIA, John McCone, has confirmed that executives of International Telephone and Telegraph discussed moves against Chilean President Salvador Allende, Business Week said yesterday.

Mr. McCone, who is a member of the ITT board of directors and a member of its executive committee, said — according to Business Week — that he was consulted and that the company told the govern-

ment that if it had a plan to block the election of Mr. Allende, "we'll help with it."

Columnist Jack Anderson has published alleged ITT internal memos implicating ITT in a scheme against President Allende. Mr. McCone said the memos were written by ITT staff, according to the magazine.

ITT spokesmen have denied as "without foundation in fact" allegations that the conglomerate had planned or par-

ticipated in any plot against the socialist president in an effort to protect its properties against possible expropriation.

The magazine quoted Mr. McCone as saying that he and ITT chairman Harold Geneen were filled with "regret at the way the memos were written and the way they have been read by the press so that our true policy has been distorted.

In Chile, the chamber of

deputies formed a special commission to investigate the allegations.

In another controversy involving ITT, Sen. John Tunney, D-Calif., said he would give the Senate Judiciary Committee new evidence next week linking acting Attorney General Richard Kleindienst with an alleged West Coast scheme to cover up illegal Republican campaign contributions.

31 MAR 1972

McCone Says Memos On Chile Authentic

Former CIA Director John A. McCone, a director of the International Telephone and Telegraph Company, has acknowledged to Business Week magazine that ITT did discuss ways to block Marxist Salvador Allende from becoming president of Chile in 1970.

In an interview with Business Week, McCone confirmed the authenticity of a batch of secret ITT memorandums obtained by columnist Jack Anderson and made public last week. The documents reveal extensive internal discussions by corporate executives over how to prevent the Latin American socialist from taking office including economic reprisals or even a military coup.

According to Business Week, McCone said that, as a director, he was consulted and the company told the U.S. government: "If you have a plan, we'll help with it."

McCone insisted, however, that ITT's role had been misconstrued by the press inter-

pretations of the memos. The suggestions of "economic repression" measures, he told the magazine, were 'prudently, properly and firmly rejected by (ITT board chairman Harold) Geneen and his operating people.'

McCone said that he and Geneen were filled with "regret at the way that the memos were written and the way they have been read by the press so that our true policy has been distorted."

When the ITT memorandums first surfaced in Anderson's columns last week, the international conglomerate issued a statement from New York insisting that the columnist's accusations were "without foundation in fact."

McCone could not be reached yesterday for further comment.

[Meanwhile, the Chilean Chamber of Deputies yesterday formed a special commission to investigate ITT's alleged attempt to prevent Allende's inauguration, UPI reported from Santiago.]

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Chilean Panel to Probe Charges Against ITT

United Press International

The Chilean Chamber of Deputies formed a special commission yesterday to investigate alleged efforts by International Telephone and Telegraph Corp. to prevent the inauguration of President Salvador Allende.

Business Week magazine, meanwhile, said former CIA Director John A. McCone has confirmed that ITT executives discussed possible moves to prevent Allende from taking office, the Associated Press reported.

McCone, a member of the ITT board of directors since 1966 and a member of its executive committee, disclosed that he was consulted and that ITT told the U.S. government, "If you have a plan, we'll help with it," Business Week said yesterday.

The 13-member Chilean panel is to report within 60 days on charges by American columnist Jack Anderson that ITT had tried to block Allende from taking power in December 1970.

Frei Nephew Heads Panel

The chamber committee is composed of seven opposition legislators and six members of Allende's popular unity coalition of Socialists, Communists and left splinter groups. The panel's chairman is Arturo Frei, a Christian Democrat and nephew of former President Eduardo Frei, Allende's predecessor.

According to Anderson, Eduardo Frei rejected ITT overtures to prevent Allende's inauguration.

Foreign Minister Clodomiro Almeyda told the chamber he had received photocopies of documents made public by Anderson in Washington purporting to show ITT involvement in Chile's internal affairs.

Memos 'Were Staff'

Of the memos published by Anderson, McCone said, "those were staff," Business Week reported. An earlier ITT statement dismissed as baseless allegations that the company plotted against Allende to protect its properties in Chile against expropriation.

Business Week reported that McCone said suggestions of "economic repression" measures against Chile were "prudently, properly and firmly rejected" by ITT Chairman Harold S. Geneen.

McCone was quoted as saying that he and Geneen regret "the way that the memos were been read by the press so that our true policy has been distorted."

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A Matter of Intelligence

Diplomatic dealing and higher-level statecraft often require attentive alertness, but it has sometimes happened that even the most astute leaders outsmarted themselves because they underestimated their own intelligence.

Successive recent Presidents of the United States, for instance, either discounted or downgraded perceptive professional intelligence estimates about Vietnam—the dismal details are fully recorded in some of the Pentagon papers—and it is clearly lamentable that some of the more prescient counsel went no further than the files.

There are many such reasons why the Central Intelligence Agency's anal-

yses of various foreign policy problems should be more widely accessible, and some of the organization's unhonored prophets seem to agree. Former director John A. McCone is apparently speaking for them as well as himself in supporting a pending bill that would provide key Congressional committees with CIA estimates and even some special surveys.

Since the American public is paying for this advice, its representatives are fully entitled to more than a fleeting look, and it is quite possible that far better informed Congressional opinion would result—whatever the prevailing view at the White House.

NEW YORK, N.Y.
POST

EVENING - 623,245
WEEKEND - 354,797

MAR 29 1972

A Matter of Intelligence

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PHILADELPHIA, PA.
INQUIRER

M - 463,503
S - 867,810

MAR 29 1972

Bill Would Bare CIA Secrets

John A. McCone, a former Central Intelligence Agency director, has indorsed a bill that would require the CIA to turn over its supersecret intelligence reports to Congress.

His indorsement indicates the CIA has abandoned its longstanding opposition to the circulation of its secrets outside the executive branch.

Aides to the Senate Foreign Relations Committee reported that McCone had committed himself to testifying in favor of the bill. The aides said the Nixon administration had registered its opposition to the bill, thereby preventing the current CIA director, Richard M. Helms, a presidential appointee, from taking a position on it.

McCone backs bill to give Congress CIA reports

By Thomas B. Ross

Sun-Times Bureau

WASHINGTON — John A. McCone, a former Central Intelligence Agency director, has endorsed a bill that would require the CIA to turn over its secret intelligence reports to Congress.

His endorsement indicates that the CIA has abandoned its long-standing opposition to the circulation of its secrets outside the executive branch.

Aides to the Senate Foreign Relations Committee reported Monday that McCone had committed himself to testifying in favor of the bill during hearings starting Tuesday. The aides said the Nixon administration had registered its opposition to the bill, thereby preventing the current CIA director, Richard M. Helms, a presidential appointee, from taking a position on it.

Indirect support

But McCone's testimony is sure to be interpreted as indirect CIA support of the bill. Former directors of the agency, a loyal and tightly knit group, rarely, if ever, take a public position that the incumbent director opposes.

The bill was introduced by Sen. John Sherman Cooper (R-Ky.) last July, shortly after the New York Times, the Washington Post, the Sun-Times and other newspapers published the Pentagon papers. The papers revealed that the CIA consistently expressed a skeptical view of Vietnam from the Truman to the Nixon administrations. Cooper and other senators argued that Congress might have blocked the deep U.S. involvement if it had received the intelligence estimates.

Regular reports

Cooper's bill would require the CIA to make regular re-

ports to the Foreign Relations Committee, the Senate Armed Services Committee, the House Foreign Affairs Committee and the House Armed Services Committee. It also would require the CIA to provide special information on request.

Tuesday's witnesses will be Chester Cooper, former intelligence analyst for the CIA and the White House, and Herbert Scoville, former head of the CIA's research division.

Sec. of State William P. Rogers, who has asserted the right to testify for the CIA, has been asked to appear after the Easter recess to present the administration's position. He may send a subordinate but presumably not Ray Cline, head of the department's bureau of intelligence and research.

An ITT director

Cline, a former deputy CIA director for intelligence, recently told the committee that he favored the distribution of CIA reports to Congress, provided the "sources and methods of intelligence gathering" were not jeopardized. Cooper insists that his bill provides adequate protection.

McCone is scheduled to testify next month. It may be the first in a series of appearances before the committee. As a director of the International Telephone & Telegraph Corp., he is a potential witness in the committee's planned investigation of the involvement of major corporations in U.S. foreign policy.

According to memos released by columnist Jack Anderson, McCone was given reports on ITT negotiations with the CIA to devise a plan for blocking the installation of Salvador Allende, a Marxist, as President of Chile in 1970.

The Washington Merry-Go-Round**ITT Hope of Ousting Allende Remote****By Jack Anderson**

Any hope International Telephone and Telegraph may have of ousting Chile's President Salvador Allende, in the view of American Ambassador Nathaniel Davis, is unrealistic.

In a secret cable to the State Department, Davis reported that "prospects of military intervention for the foreseeable future are extremely small.

"It is held that military will turn blind eye to virtually any constitutional abuse, and Allende is smart enough to avoid abuse so flagrant as to force open that blind eye."

ITT hoped for military intervention in 1970 to block Allende's election. We have published confidential memos, which reveal the giant conglomerate was prepared to spend millions promoting economic collapse in Chile to force a military coup.

The memos show that the Central Intelligence Agency cooperated with ITT in planning this economic sabotage but that other American corporations such as General Motors and Ford would take no part in the scheme. The memos also blame the State Department for failing to take a tougher stand against Allende.

Inside sources say that ITT, in order to protect its investments in Chile from Allende's

Marxist policies, has continued to explore the prospects of removing Allende from power.

Ambassador Davis, however, sees little likelihood of this. Before we published the incriminating ITT memos, he summarized the situation in Chile for the State Department.

Military Plotting

He reported "growing conviction in opposition parties, private sector and others that opposition is possible." He cited intelligence reports that "discontent and plotting in the military services have been substantially greater."

But he concluded: "It is not our impression that Chile is yet on brink of showdown. In fact, there is some reason to believe that new opposition spirit could prove transitory..."

"My colleagues continue to warn me that events move slowly in Chile, or perhaps better said, Chileans have great ability to rush to the brink, embrace each other and back off.

"With Russian and East European help... and with some breaks, Chile just might be able to rock along for some time to come."

In his secret summary, however, the new American Ambassador suggested that "Al-

lende's course is working less well. If this trend continues, it will increase pressures on Allende to move toward radical solutions or in other directions.

"Allende's decisions may, in turn, sharpen the choices of his opposition and also of the military." Davis pointed out that "there is considerable variety in ways military might intervene."

Before ITT is likely to get its military coup, however, Davis suggested that public opposition to Allende would have to become "so overwhelming, and discontent so great, that military intervention is overwhelmingly invited.

"It is held that military will wait for this public repudiation to become more clear and more open than it is likely ever to be."

Corporate Nation

With annual sales around \$7.5 billion and holdings in 67 countries, ITT is a veritable corporate nation. It has built an empire, like Britain's, upon which the sun never sets.

ITT directs its own intelligence operations, security system and foreign service. It deals with foreign governments at the highest levels—often through former political leaders, cabinet ministers and intelligence officers.

Among the world leaders who have turned up in ITT's corporate hierarchy are Paul Henri Spaak, former Belgian prime minister; Trygve Lie, the late U.N. Secretary-General; and John McCone, the former chief of our own Central Intelligence Agency.

Twice a month, ITT's managers gather alternately in New York City and Brussels to plan high strategy. Five of the top managers draw higher pay than President Nixon's \$200,000-a-year salary. And ITT's panjandrum, Harold Geenen, collects the highest salary in the world, \$766,755 a year.

These corporate rulers, working through McCone's inside contacts, were able to enlist the CIA in an abortive plot to block Allende's election and, thus, interfere in Chile's free election process. This illustrates the incestuous relationship that has grown up between ITT and the Nixon administration.

ITT Meddling May Aid Allende

By JAMES DEAKIN

A Washington Correspondent of the Post-Dispatch

WASHINGTON, March 27

IN A BIZARRE twist, the case of the International Telephone & Telegraph Corp. has jumped 5000 miles from Washington to Santiago and now involves the Marxist-socialist government of Chile.

Documents obtained and published last week by columnist Jack Anderson alleged that the giant international conglomerate sought to prevent the election of Salvador Allende as President of Chile, and that the United States may have connived with ITT in the stop-Allende maneuvering.

If the documents are authentic, they show that a major U.S. corporation was actively trying to promote the overthrow of the elected government of a Latin American nation, perhaps with the encouragement or even the assistance of President Richard M. Nixon.

Ironically, not only did the alleged plot fail, but the publication of the documents probably has achieved a result directly opposite to what ITT desired. Allende's government, formerly considered to be in serious trouble, has been given a new lease on life.

U.S. OFFICIALS and Latin American diplomats agree that Allende will be able to make good use of the documents to distract attention from the domestic problems besetting Chile's 17-month-old experiment with socialism.

The Chilean President, an adroit and experienced politician, is expected to cite Anderson's disclosures as proof that the U.S. Government, its Central Intelligence Agency and powerful U.S. corporations are engaged in a clandestine plot to overthrow the government of a sovereign nation whose political system they do not like.

U.S. intervention, open or secret, has been one of the dominant themes in Latin American politics for years. Clandestine operations by the CIA and U.S. companies have been alleged scores of times—and sometime; proved—giving left-wing parties one of their strongest political weapons.

Allende, a lifelong opponent of capitalism, has used the issue of U.S. subversion frequently. One of the purported ITT documents obtained by Anderson quoted Allende as saying in a speech in October 1970 that Chile was "now swarming with CIA agents."

THE SPEECH was delivered a few days before the Chilean Congress confirmed Allende as President. If the data obtained by Anderson are gen-

uine, they show that ITT's efforts were in full swing in the weeks just before the congressional action and from Oct. 24 until Allende was inaugurated Nov. 3.

Many Latin American diplomats accept the documents as authentic. They point out, however, that either way, serious damage has been done to the Chilean policy that Mr. Nixon stated in his foreign policy report earlier this year.

Citing Chile as an example, Mr. Nixon said: "We . . . deal realistically with governments as they are—right and left . . . We respect the hemispheric principle of nonintervention. We shape our relations with governments according to their policies and actions as they affect our interests . . . not according to their domestic structures."

This avowal of nonintervention, in the opinion of some Latin American observers, has been compromised by repeated references to the CIA in the alleged ITT documents and by one direct reference to the Administration.

A MEMORANDUM dated Sept. 17, 1970, said: "Late Tuesday night (Sept. 15), Ambassador Edward Korry finally received a message from 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 was then U.S. Ambassador to Chile. The purported ITT documents portray him as vigorously anti-Allende and sympathetic to ITT's efforts to prevent the installation of a Marxist-socialist government.

The Sept. 17 memorandum allegedly was sent to E. J. Gerrity, an ITT vice president in charge of the corporate relations department, from Hal Hendrix and Robert Berrellez of the corporate relations staff.

Berrellez is a former Associated Press reporter with extensive experience in Latin America. Several of the 26 documents obtained by Anderson purported to be reports from Chile by Berrellez.

KORRY RESIGNED last year and was succeeded in Santiago by Charles

is. Efforts to reach Korry for comment on the documents have been unsuccessful.

The disclosures by Anderson have raised the possibility that another Senate committee may enter the growing investigation of ITT's political and international activities. The Senate Foreign Relations Committee is considering an inquiry into the Chilean aspects of the ITT case.

Senator Frank Church (Dem.), Idaho, chairman of the subcommittee of Western Hemisphere affairs, was said to be pressing for an investigation of the influence of large international corporations such as ITT on U.S. foreign policy.

The documents, which Anderson said had come from ITT's files, purported to show that the company was willing to spend a large amount of money to block Allende from taking office, apparently by promoting an economic collapse in Chile that would lead to a military takeover.

"I TOLD MR. VAKY to tell Mr. Kissinger (that) Mr. Geneen is willing to come to Washington to discuss ITT's interest and that we are prepared to assist financially in sums up to seven figures," said a memorandum dated Sept. 14, 1970.

The memorandum allegedly was sent by J. D. Neal, ITT's director of international relations, to William R. Merriam, an ITT vice president in charge of the company's Washington office.

Viron P. (Pete) Vaky formerly was on the staff of the National Security Council, headed by Presidential adviser Henry A. Kissinger. Harold S. Geneen is president and chairman of ITT. Vaky, a specialist in Latin America who is now on the faculty of Georgetown University, could not be reached for comment.

The documents contain repeated references to ITT's efforts to bring pressure on the White House, the Department of State, the CIA, the Department of Justice and other American corporations to take a hard line against Allende and to join ITT in trying to prevent him from taking office.

"A CONSTITUTIONAL SOLUTION, for instance, could result from massive internal disorders, strikes, urban and rural warfare," says the Sept. 17 memorandum to Gerrity. "This would morally justify an armed forces intervention for an indefinite period."

An undated, unsigned document, apparently a position paper, proposed a seven-

continued

ITT's Chile Caper

A 'Good Corporate Citizen' Or Economic Imperialist?

By Stanley Karnow
Washington Post Staff Writer

The standard leftist stereotype of the multi-national U.S. company engaged in aggressive economic "imperialism" abroad has always seemed fanciful or, at best, anachronistic. But judging from a collection of secret documents that surfaced last week, the International Telephone and Telegraph Corp. in fact fits that image as it sought to control events in Chile nearly two years ago.

The documents, acquired by columnist Jack Anderson and made available to the press, comprise 26 confidential ITT memoranda describing the firm's efforts to block the inauguration in late 1970 of Chilean President Salvador Allende Gossens, an avowed Marxist who pledged to nationalize U.S. holdings in his country.

Anderson claims that he obtained copies of the documents even though ITT's Washington office destroyed many of its files.

The memoranda show that ITT operatives in South America as well as corporation executives in Washington and New York considered tactics for promoting and financing a right-wing military coup d'etat aimed at ousting Allende.

This plan, the papers reveal, was recommended to a senior ITT representative by a high-ranking member of the U.S. Central Intelligence Agency in charge of clandestine operations in Latin America.

The corporation also tried to enlist the support of top American officials, among them President Nixon's national security adviser, Henry A. Kissinger, Assistant Sec-

retary of State for Inter-American Affairs Charles A. Meyer, and Edward M. Korry, then the U.S. Ambassador to Chile.

Neither Kissinger nor Korry has commented on the affair. In an interview with The Washington Post, Meyer said that he had talked with ITT representatives in the past but the company's activities "were unknown to me."

Speaking to a closed session of the Senate Foreign Relations Committee on Wednesday, Secretary of State William P. Rogers denied that ITT maneuvers had influenced administration attitudes toward Chile. The administration had not acted in a "wrongful manner" in Chile, Rogers said.

State Department spokesman Charles Bray further underlined Rogers' statement on Thursday, saying that, "any ideas of thwarting the Chilean constitutional processes following the election of 1970 were firmly rejected by the administration."

The ITT documents also

make clear that the company's attempts to mobilize the administration against Allende were a failure. This failure is reflected in bitterly critical evaluations by ITT executives of Meyer and Korry for their refusal to cooperate with the corporation's efforts to intervene in the Chilean political situation.

The Senate Foreign Relations Committee has nevertheless decided on a detailed investigation into the involvements of American corporations abroad. Ascertaining the extent to which ITT's alleged political machinations are typical of U.S. corporate practices abroad would be a prime objective of the investigation.

Better Coordinated

In the opinion of Prof. Louis Wells, a Harvard Business School specialist on international corporations, ITT is an exceptional, rather than typical, example of the global U.S. conglomerate.

According to Wells, most American firms operating abroad are so diversified geographically that their activities are not highly organized. They try to sway local U.S. diplomatic officials, Wells suggests, but they generally function by "rule of thumb" without central direction.

What makes ITT different from most U.S. companies, Wells says, is that it has "long experience and heavy commitment overseas," and is thus "possibly better coordinated" to engage in organized political activities abroad.

With worldwide assets of \$6.6 billion, ITT ranks eighth in Fortune magazine's list of major U.S. industrial giants. Its subsidiaries include such companies as the Sheraton hotel chain and a number of foreign firms. Its holdings in Chile consisted of six affiliates employing about 8,000 workers.

The largest of these, the Chile Telephone Co., began operating in 1930 under a 50-year concession. The Chilean government took it over in September 1970, and ITT, which valued the firm at \$153 million, is negotiating for compensation of \$108 million, its 70 per cent ownership share. The corporation still runs two Sheraton hotels and a telecommunications company in Chile.

Current pronouncements by its spokesman assert that

ITT has been and continues to be — a good corporate citizen in Chile as well as in all other countries where it has operations." The ITT documents indicate, however, that the conglomerate's executives were extremely upset by the Allende election even to the point of planning extraordinary measures.

Concedes Defeat

A well-to-do doctor in his early 60s, Allende pledged during his campaign to succeed President Eduardo Frei that he would nationalize most U.S. companies in Chile. In addition to ITT's holdings, these included American copper interests valued at \$300 million, as well as banks and other business.

Allende won a plurality in the election held on Sept. 4, 1970. He then faced a run-off in the Chilean Congress against his two main foes, conservative Jorge Alessandri and Christian Democrat Radomiro Tomic. Under Chilean law, Frei was barred from succeeding himself.

As the Anderson documents illustrate, it was during the period between the Sept. 5 election and the run-off on Oct. 24 that ITT was most active in its efforts to prevent Allende from taking office. By the time of Allende's inauguration on Nov. 4, the corporation had virtually conceded defeat.

Chronologically arranged, the available documents present the following picture of ITT's endeavors to bring its weight to bear on the Chilean situation.

In a memorandum sent on Sept. 14, 1970, to William R. Merriam, vice-president in charge of ITT's Washington office, a corporation operative by the name of J. D. Neal reported on a conversation he had the previous Friday with Viron Vaky, a Latin American expert on Kissinger's staff. Vaky now teaches at Georgetown University.

Neal said that he told Vaky of the "deep concern" of Harold S. Geneen, president and board chairman of ITT, with the Chilean situation "not only from the standpoint of our heavy investment but also because of the threat to the entire hemisphere."

26 MAR 1972

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I.T.T.:

A Private Little Foreign Policy

WASHINGTON—In 1916 Gen. Smedley Butler of the United States Marines led his troops ashore in the Dominican Republic—to make that country safe, as he put it, “for the boys of the National City Bank.” The little Caribbean nation had defaulted on loan payments and other obligations, and the United States had decided to intervene militarily to restore order.

In 1970, according to material made public by the syndicated columnist Jack Anderson last week, a vice president of the International Telephone and Telegraph Corporation wrote the White House urging action to make Chile, in effect, safe for I.T.T. The Chileans had elected a Socialist, Salvador Allende Gossens, as President, and the New York-based corporation felt that his inauguration should be prevented so as to safeguard I.T.T. and other United States investments in Chile and other Latin American countries.

Corporation executives have as much right as anyone to lobby the Government for their interests, but the boldness of I.T.T.'s purported venture in persuasion, with its evocation of the heyday of United States interventionism in the hemisphere, created a stir in Washington—and, not surprisingly, in Latin-American capitals as well. Though the State Department stated that “Any ideas of thwarting the Chilean constitutional process following the election of 1970 were firmly rejected by this Administration,” the Senate Foreign Relations Committee scheduled hearings on the influence of multinational United States corporations on foreign policy.

In recent decades, according to one

Senator, these corporations have grown so big as to acquire their own “arrogance of power.” The I.T.T. is only the ninth largest corporation in the United States but its resources and access to levers of power are formidable.

The United States Government's defense and intelligence activities are importantly linked to I.T.T.'s technology and know-how in space and satellite communications. I.T.T. has a space division working on top-secret contracts for the Defense Department. But I.T.T. in the past 10 years has acquired 101 corporations in the United States and 67 foreign countries. Its present interests, valued at \$6-billion, range far beyond communications—to fire insurance, hotel chains (Sheraton), food industries, housing, car rentals (Avis) and book publishing.

I.T.T., in fact, often acts and sounds more like a government than a private company. It employs former American diplomats and former foreign correspondents, including a Pulitzer Prize winner. In recent years it has established its own foreign-policy and foreign-intelligence units. To assist its president, Harold Geneen, I.T.T. has a star-studded board of directors, including the former head of the Central Intelligence Agency, John A. McCone, and a number of well-connected international bankers.

Employing more than 350,000 persons in the United States and about 200,000 in its affiliates abroad, I.T.T. has its own international communications network, its own fleet of jetliners and its own counterespionage operation. A system of periodic “sweeps” checks its offices for bugs and wiretaps. The company's shredders destroy unwanted or compromising documents. Yet all its precautions have been unable to protect it from that latest governmental phenomenon, the leak.

First, earlier this month, came the material leaked to Mr. Anderson suggesting a possible link between a generous I.T.T. contribution to the Republican party and the dropping of antitrust action against the corporation. Last week came the “Chilean papers.” On Tuesday, after Mr. Anderson's first column on them was published, I.T.T. denied that it had sought to interfere in Chilean internal affairs. As more papers were published,

I.T.T. clammed up. State Department officials said privately there wasn't much doubt that the material was authentic.

Mr. Allende was elected in September, 1970, on a platform of nationalizing much of Chilean industry, domestic and foreign-owned. The alleged I.T.T. documents suggested that the company, with close to \$200-million in diversified investments in Chile, had sought a species of “protective reaction” for its Chilean interests.

For example, a letter from the I.T.T. vice president to Henry A. Kissinger, the White House foreign-policy adviser, suggested—in a style befitting a foreign ministry—that “the present moment is a most expedient time to reappraise and strengthen U. S. policy in Latin America.” Other letters and memorandums from the company's top echelon officers, Washington lobbyists and Latin-American field operatives sought to convey the message to the Nixon Administration in blunter terms: that Mr. Allende's inauguration would spell disaster for private investors in the hemisphere.

Some alleged I.T.T. memorandums described purported dealings with the C.I.A. on the possibility of promoting an anti-Allende coup. One I.T.T. official in Washington was said to have reported to his superiors that he had informed the White House that the corporation would provide financial assistance “in seven figures” to help prevent Mr. Allende's inauguration in November, 1970.

What influence I.T.T. has on the making of foreign policy is debatable. Some observers found it curious that with all its denials in the Chilean case last week, the State Department would neither confirm nor deny the substance of an I.T.T. memorandum alleging that 10 days after Mr. Allende's election the United States Ambassador to Chile, Edward M. Korry, received the “green light” from the State Department to do everything possible short of military intervention “to keep Allende from taking power. What is clear thus far is that the new disclosures have embarrassed both I.T.T. and the Nixon Administration and proved a political windfall for President Allende, who had always claimed that “the Yankees are out to get us.”

—TAD SZULC

CHICAGO, ILL.
SUN-TIMES

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S - 709,123

MAR 23 1972

'Corporations' secret foreign-policy role faces probe

By Thomas B. Ross
Sun-Times Bureau

WASHINGTON — The Senate Foreign Relations Committee agreed Wednesday to look into the secret role of international corporations in U.S. foreign policy.

But it deferred a decision on whether to order a full-scale staff investigation or to call witnesses from the International Telephone & Telegraph Corp. and other large companies.

After a closed-door meeting with Sec. of State William P. Rogers, Sen. J. William Fulbright (D-Ark.), the chairman, said the committee decided only to make a general "study" of the problem.

Several committee members obviously were reluctant to delve too deeply into the explosive issue, despite the revelation by columnist Jack Anderson of confidential ITT memos on its dealings in Chile.

Sen. Frank Church (D-Ida.), chairman of the Latin American subcommittee, urged a full investigation, including testimony from ITT officials.

A number of present and former government officials are understood to have volunteered to provide information on the extensive relationship between the Central Intelligence Agency and U.S. corporations with operations abroad.

If an investigation is launched it would be the second involving ITT at the Capitol. The Senate Judiciary Committee already is conducting an inquiry into Anderson's al-

legations that ITT pressured the administration into an out-of-court settlement of a major antitrust case last year.

Anderson's memos described extensive ITT dealings with the Latin American division of the CIA's Clandestine Services as part of an alleged plot to prevent the installation of leftist Salvador Allende as president of Chile.

The documents also include purported reports on the Chile maneuverings to ITT director John A. McCone, former head of the CIA.

The CIA's efforts to operate through U.S. corporations and other private organizations abroad was the subject of a confidential Council on Foreign Relations report revealed by The Sun-Times last September.

The report, based on a secret discussion among several former ranking CIA officials in 1968, declared: "If the agency is to be effective, it will have to make use of private in-

stitutions on an expanding scale. . . . CIA's interface with the rest of the world needs to be better protected. . . .

"It is possible and desirable, although difficult and time-consuming to build overseas an apparatus of unofficial cover. . . . If one deals through U.S. corporations with overseas activities, one can keep most of the (CIA's) bureaucratic staff at home and can deal through the corporate headquarters, perhaps using corporate channels for overseas communications (including classified communications)."

Fulbright described ITT's activities in Chile, as alleged by Anderson, as "very bad business" but "probably a normal course of conduct" for corporations with major investments in a foreign country.

Church said Anderson's charges were "very disturbing (and) suggest our policy may be mainly concerned with the protection of large American companies."

However, he praised the Nixon administration for showing "admirable restraint" in dealing with Allende.

23 MAR 1972
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ITT offered millions for CIA coup in Chile

WASHINGTON, March 22—Columnist Jack Anderson charged today that the International Telephone and Telegraph Corporation (ITT), in its drive to block the 1970 election of Chilean President Salvador Allende, included an offer to the White House to "assist financially in sums up to seven figures."

The offer to spend millions to help defeat Allende and the Popular Unity coalition in Chile was included in a stack of confidential documents—82 pages of photocopies—from ITT released by Anderson today in Washington.

The documents included detailed accounts of meetings between ITT officials and their contacts at the U.S. Central Intelligence Agency, the White House, the State Department, and the Chilean military establishment.

Plan for economic war

They comprised extensive, detailed reports recommending a widespread ITT effort to enlist other U.S. monopolies in a campaign to wreck Chile's economy and bring about the country's economic collapse. Several of the reports from ITT representatives in Chile were about the possibility of organizing a military coup before Allende could be sworn in as President.

One of the papers was an account by W.R. Merriam, vice-president in charge of the ITT Washington office, of a meeting with "our contact at the McLean agency." It was addressed to John McCone, former head of the CIA, now an ITT director. CIA headquarters are in McLean, Va.

Merriam's Oct. 9, 1970, memo said: "He (the CIA contact) is still very, very pessimistic about defeating Allende... Approaches continue to be made to select members of the (Chilean) Armed Forces in an attempt to have them lead some sort of uprising

—no success to date.

"Bank of America had agreed to close its doors in Santiago, but each day keeps postponing the inevitable. According to my source, we must continue to keep the pressure on business."

ITT funds to pro-U.S. media

Also included in the documents was a Sept. 14, 1970, memo to Merriam by J. D. Neal, an ITT official, giving an account of a conversation with Pete Vaky, Latin American specialist on the staff of White House adviser Henry A. Kissinger.

Neal said he told Vaky that ITT was "prepared to assist financially in sums up to seven figures" and that "we have feared the Allende victory."

There was no indication of what the seven-figure sum might have been used for, though elsewhere in the memo there were references to heavier advertising to prop up the pro-U.S. newspaper, *El Mercurio*, in Santiago, and "getting some propagandists working again on radio and television."

Another document was a Sept. 17, 1970, memo to E.J. Gerrity, ITT vice-president, from two ITT agents in Chile on a meeting with U.S. Ambassador Edward Korry who, they said, "finally received a message from State Department giving him the green light to move in the name of President Nixon."

Nixon gives green light

The Sept. 17 ITT memo said, "The message gave him (Korry) maximum authority to do all possible—short of a Dominican Republic type action—to keep



PRES. SALVADORE ALLENDE

Allende from taking power.

"At this stage the key to whether we have a solution or a disaster is (outgoing President Eduardo) Frei—and how much pressure the U.S. and the anti-Communist movement in Chile can bring to bear on him... (Korry) has never let up on Frei, to the point of telling him to 'put his pants on.'"

A Sept. 29, 1970, memo from Gerrity to ITT president Harold Geneen described a meeting with William V. Broe, the CIA director of the Latin American Division of Clandestine Services. Gerrity said Broe told him that "certain steps were being taken but that he was looking for additional help aimed at inducing economic collapse."

Anderson's release of these documents seems certain to add fuel to the already-raging scandal about ITT-White House-CIA efforts to bring down the Chilean government.

DES MOINES, IOWA
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MAR 23 1972

Foreign Policy by Business?

By Thomas B. Ross
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WASHINGTON, D.C. — The Senate Foreign Relations Committee plans to look into the secret role of international corporations in U.S. foreign policy.

But it deferred a decision on whether to order a full-scale staff investigation or to call witnesses from the International Telephone & Telegraph Corp. (ITT) and other large companies.

After a closed meeting Wednesday with Secretary of State William P. Rogers, Senator J. William Fulbright (Dem., Ark.), the chairman, said the committee decided only to make a general study of the problem.

Urges Inquiry

Several committee members obviously were reluctant to delve too deeply into the explosive issue, despite the revelation by columnist Jack Ander-

son of confidential ITT memos on its dealings in Chile.

Senator Frank Church (Dem., Idaho), chairman of the Latin American subcommittee, urged a full investigation, including testimony from ITT officials.

Several present and former government officials are understood to have volunteered to provide information on the extensive relationship between the Central Intelligence Agency (CIA) and U.S. corporations with operations in foreign countries.

Anderson's memos described extensive ITT dealings with the Latin American division of the CIA as part of an alleged plot to prevent the installation of leftist Salvador Allende as president of Chile.

Some documents also purport to be reports on the Chile maneuverings to an ITT director, John A. McCone, former head of the CIA.

The CIA's efforts to operate through U.S. corporations and other private organizations abroad was the subject of a confidential Council on Foreign Relations report revealed by the Chicago Sun-Times last September.

"Bad Business"

The report, based on a secret discussion among several former high-ranking CIA officials in 1968, declared: "If the agency is to be effective, it will have to make use of private institutions on an expanding scale . . . CIA's interface with the rest of the world needs to be better protected . . .

"It is possible and desirable, although difficult and time-consuming, to build overseas an apparatus of unofficial cover . . . If one deals through U.S. corporations with overseas activities, one can keep most of the (CIA's) bureaucratic staff at home and can deal through the corporate headquarters,

perhaps using corporate channels for overseas communications (including classified communications)."

Fulbright described the ITT's activities in Chile, as alleged by Anderson, as "very bad business" but "probably a normal course of conduct" for corporations with major investments in a foreign country.

Church said Anderson's charges were "very disturbing (and) suggest our policy may be mainly concerned with the protection of large American companies."

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Rogers Denies Plot to Prevent Allende's Election

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By Herald Wire Services

WASHINGTON — Secretary of State William P. Rogers privately assured the Senate foreign Relations Committee Wednesday that there was no clandestine plot by the Nixon Administration to prevent President Salvador Allende of Chile from taking office in 1970.

It was learned further that Richard Helms, director of the Central Intelligence Agency, assured committee chairman J. W. Fulbright (D., Ark.) in 1970 that the CIA would not intervene in the Chilean political situation.

An informed source said Fulbright contacted Helms because of speculation that the United States might interfere in Chile's presidential contest.

ROGERS' testimony behind closed doors corroborated Helms' personal word to Fulbright. The secretary told the committee that the administration's hands were clean and that if the CIA had been authorized to intercede, either he or Undersecretary of State John N. Irwin would have known about it.

The committee took advantage of Rogers' scheduled appearance on an unrelated matter to question him about columnist Jack Anderson's published assertions that International Telephone and Telegraph Co. and a CIA official plotted together in September and October 1970 to block Allende from gaining power.

ITT and other American companies, fearful that the Marxist Allende would nationalize foreign-owned businesses, had favored the election of a more moderate candidate.

Anderson asserted that ITT executives plotted with William V. Broe, identified by the columnist as a member of the Latin American division of CIA's clandestine activities branch.

QUOTING from what he described as confidential ITT documents, Anderson said the plan called for ITT and other large American companies with holdings in Chile to create economic chaos. This would cause the Chilean army to pull a coup that would block Allende from taking office. The documents said continuing approaches were being made — without success — to select members of the armed forces to lead an uprising.

Rogers told the committee that following the general election, the Nixon Administration had considered various policy alternatives, but finally decided to do nothing.

ROGERS said, however, that none of the policy moves under consideration were covert or clandestine or were outside the constitutional processes of Chile.

Sen. Frank Church (D., Idaho) and other sources said Rogers' testimony was not necessarily inconsistent with the Anderson assertions that Broe had plotted with ITT officials.

They said it was possible that Broe had advocated a plan within the CIA which was rejected by his superiors.

Church, chairman of the Latin American Affairs Subcommittee, said not only should the full committee investigate the specific efforts by ITT to influence Chilean politics but that it should also undertake a much broader study of how so-called multi-national corporations affect U.S. foreign policy and the policy of other governments.

ITT is a conglomerate giant with subsidiaries the world over.

FULBRIGHT told reporters after Rogers' testimony that the committee agreed tentatively on a wide-ranging inquiry into the impact of corporations with foreign hold-

ings on American foreign policy.

No date was set for the broad study and no decision was made on a separate investigation of the ITT-Chile-CIA allegations.

Sen. Fred Harris (D., Okla.) said the Fulbright committee should especially try to determine what role John A. McCone, an ITT director and former head of the CIA, played "in ITT's plan to support a right-wing coup."

One of the Chile papers released by Anderson was a secret memo attributed to two ITT officials which claimed that the State Department had authorized the U.S. Embassy in Chile to do its best to keep Allende from taking power in November, 1970.

THE MEMO Anderson released lists its authors as Hal Hendrix and Robert Berrellez, who purportedly were sent to Chile by ITT to report to the firm on political developments following Allende's popular election in September of 1970.

Hendrix is a former Miami resident and former Latin America editor of The Miami News and former staff writer on Latin affairs for Scripps Howard. He joined ITT five years ago as part of its Latin American public relations staff. Berrellez is a former long-time Associated Press correspondent in Latin America.

Eleven days after Allende's election, the memo said, U.S. Ambassador Edward Korry "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-like action — power," the memo said.

Korry resigned his post in 1971 and now works in Washington as a consultant for the Overseas Private Investment Corp. He was not available for comment.

BERRELLEZ, now director of ITT's inter-American relations, said in Buenos Aires that the information in Anderson's report was untrue.

When asked about the memo he and Hendrix reportedly authored, Berrellez said: "I have not seen the information and all I can say at the moment is what ITT said in New York yesterday, that what Mr. Anderson reports is absolutely untrue."

After the first Anderson column appeared Tuesday suggesting ITT efforts to prevent Allende from taking office, the company issued a statement saying the charges "were without foundation in fact."

AT ITT'S New York office, Hendrix cited the same ITT disclaimer and added, "That's all we can say at this point."

The claimed Hendrix-Berrellez memo said the key to whether "we have a solution or a disaster" is President Eduardo Frei and how much pressure the United States and the anti-Communist movement in Chile can bring to bear on him in the next couple of weeks.

It said Korry started to maneuver with anti-Communist leaders in Chile "without State Department authorization — immediately after the election results were known."

"He has never let up on Frei, to the point of telling him 'to put his pants on.'"

ITT's Foreign Policy

Perhaps the International Telephone & Telegraph Corp. was not satisfied to assist the Nixon Administration with political arrangements and advise it on antitrust policy. For ITT now appears to have pursued its own foreign policy.

New documents published by Columnist Jack Anderson include accounts of meetings of ITT officials with contacts at the White House, State Department, Central Intelligence Agency (whose former chief, John McCone, is now an ITT director) and the Chilean military. The documents speak of trying to bring about economic chaos or a military revolt in Chile, to prevent Marxist Salvador Allende from being elected or becoming president.

Mr. Allende became president, of course. He nationalized ITT holdings valued in the millions. Meanwhile the Nixon Administration attempted to rebuff the new Chilean government by word and denial of credit. Chile formally protested against a statement by a White House staff member that the Allende government would not last long. The one thing the White House has not done so far is to invoke the Hickenlooper amendment denying aid to countries that nationalize private American property without "adequate" compensation. ITT lobbied that amendment to passage.

ITT has, of course, issued a denial that it was involved in Chilean politics. The White House says the Government does not act in concert with private companies on foreign policy. That hardly answers the question of whether it tried. In view of the companionship of ITT and the Administration, and the CIA's lamentable interventions in other countries, Latin America is bound to wonder whether the new reports do not spell a vast commitment to dollar diplomacy. Instead of weakening the Allende government, meddling with Chile will only strengthen it.

22 MAR 1977

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ITT TIED TO CIA PLOT FOR CHILE ARMY COUP

STAT

Special to the Daily World

WASHINGTON, March 21 — The giant International Telephone and Telegraph Corporation, now knee-deep in scandal at home, sought to organize a military coup to prevent the democratic election of Chilean President Salvador Allende, it was charged today.

The ITT, which has vast world-wide holdings, including Chile, plotted with the U.S. Central Intelligence Agency in Chile against Allende, it was asserted by syndicated columnist Jack Anderson today. The column, "Washington Merry Go-Round," appears in 700 newspapers.

Dr. Salvador Allende Goosens was elected president of Chile by a Popular Unity Front in 1970 in the face of threats of an extremist, right wing coup.

"Secret documents, which escaped shredding by ITT, show that the company maneuvered at the highest level to stop the 1970 election," Anderson wrote.

"The papers reveal that ITT dealt regularly with the CIA and, at one time, considered triggering a military coup to head off Allende's election."

Anderson claimed in his column that "ITT officials were in close touch with William V. Broe, who was then director of the Latin American division of the CIA's Clandestine Services."

"They were plotting together to create economic chaos in Chile, hoping this would cause the Chilean army to pull a coup that would block Allende from coming to power," Anderson wrote.

Involved in the maneuvers, according to Anderson, was John McCone, an ITT director and former head of the CIA.

Anderson's column was based on "secret documents," which, he said, escaped shredding when

ITT files were ordered destroyed after a memorandum reportedly written by ITT lobbyist Dita D. Beard was made public by Anderson.

Anderson's data shows that the multi-billion dollar ITT conglomerate plotted to tighten economic screws in concert with other giant U.S. corporations exploiting Chile and to incite a military coup.

A "confidential" telex dated Sept. 29, 1970, from ITT Vice President E.J. Gerrity to ITT President Harold S. Geneen, outlined steps to be taken to increase economic pressure for a coup, according to Anderson.

ITT investments in Chile included the country's telephone system, a telephone equipment manufacturing operation, a telephone directory company and two Sheraton hotels. All ITT properties in Chile have been nationalized by the Popular Unity Front government, according to information from the Chilean UN Mission.

Meanwhile, the White House-ITT scandal has been getting

ITT has difficulty denying arrangements were made for one of its companies, Sheraton Corp., to make a contribution to help pay the expenses of the Republican Party's National Convention at San Diego in August because a check for \$100,000 had been accepted and deposited, as a down payment on a promise of \$400,000.

A former ITT secretary, Mrs. Susan Lichtman, said in an affidavit released by ITT Monday that she recalls typing the part of the Dita D. Beard memorandum which referred to a secret \$400,000 guarantee for the convention, but not the rest.

Mrs. Beard, confined to her bed in a Denver hospital, said last week, three weeks after its publication, that the entire memo was a hoax and forgery.

In still another development, ITT said Monday it had discovered the "genuine" memo written by Mrs. Beard. Brit Hume, an associate of Anderson, said the claim is absurd. Hume said he obtained the memo and discussed it twice with Mrs. Beard before it was made public.

ITT is seeking to counteract the widespread impression that it made the convention commitment in connection with the dropping by the Justice Department of an anti-trust suit against ITT which might have forced ITT to divest itself of the enormously profitable Hartford Fire Insurance Co.

The White House is trying to counteract the feeling that it is at a disadvantage. Both are having an uphill battle.

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American company 'plotted with CIA for Chile coup'

MR JACK ANDERSON, the American columnist, says he has obtained secret documents that show the International Telephone and Telegraph Corporation plotted with the Central Intelligence Agency to cause a military coup in Chile in 1970 to prevent the election of President Allende, a Marxist.

The documents "portray the company as a virtual corporate nation in itself with vast international holdings," he says in his column published yesterday.

The column says that Mr William Broc, who reportedly was director of the Latin American division of the CIA's clandestine services, plotted with officials of the company "to create economic chaos in Chile, hoping this would cause the Chilean Army to pull a coup that would block Allende from coming to power."

Mr Anderson said parts of the plot are outlined in an Oct 9, 1970, confidential report from Mr William Merriam, the Inter-

national Telephone and Telegraph vice-president, to Mr John McCone, a former head of the CIA, who was now a director of the company.

The report states that "Practically no progress has been made in trying to get American business to co-operate in some way so as to bring on economic chaos."

"General Motors and Ford, for example, say that they have too much inventory on hand in Chile to take any chances and that they keep hoping that everything will work out all right."

The Chilean Telephone Co., in which the American company owned a 70 per cent interest, was among several firms taken over by the Government after Dr Allende won the election.

—A P.

22 March 1972

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Alleged ITT involvement with CIA in Chile plot

From Our Own Correspondent
Washington, March 21

The International Telephone and Telegraph Corporation, already under suspicion of giving money to the Republican Party in return for favours received, was today accused by Jack Anderson, the columnist, of being involved in a plot to forestall the election of President Allende in Chile in 1970.

According to Mr Anderson, ITT was cooperating with the Central Intelligence Agency. The idea, he said, was to get ITT to take the lead in persuading American businesses in Chile to create economic chaos, in the vain hope of provoking the Chilean armed forces into a coup to preempt the election of Señor Allende's left-wing party. However, Mr Harold Geneen, the ITT president, is quoted as saying that the alleged CIA sabotage suggestions were "unworkable".

An ITT spokesman in New York later declared that the corporation "has never intervened or interfered in the internal affairs of Chile in any way". He described as "without foundation in fact" a claim by Mr Anderson that ITT had "manoeuvred to stop the 1970 election of Chilean President Salvador Allende", or had participated in planning any coups or plot against him.

The spokesman asserted that ITT's companies continued to play a useful role in the Chilean economy in spite of the nationalization of its interests in the Chilean Telephone Company. He declared that ITT had been and continued to be "a good corporate citizen" in Chile and in all foreign countries. Mr Anderson's new charges

represent a counter-attack on ITT officials, who have been attempting to discredit the columnist's original allegations of a link between settlement of ITT anti-trust cases and the corporation's contribution to Republican national convention funds.

It was not immediately clear what effect the fresh allegations would have on the Senate investigation of the anti-trust allegations.

Mr Anderson alleges today that ITT officials were in close contact with a Mr William Broe, who, the columnist says, was director of the Latin American division of the CIA clandestine services.

Mr Anderson also quotes from a report, purportedly sent from Mr William Merriam, an ITT vice-president in Washington, to an ITT director, Mr John McCone, former director of the CIA.

This was claimed to summarize the conversation at a lunch in October, 1970, which Mr Merriam had with "our contact at the McLean agency" (presumably the CIA). This contact is shown to be frustrated at the lack of success both in inciting Chilean Army leaders into an uprising and "in trying to get American business to cooperate in some way so as to bring on economic chaos".

Mr Anderson says that "days earlier Mr Gerrity (another vice-president) had sent a "confidential telex" to Mr Geneen, detailing the plot. It listed measures evidently designed to cripple Chilean commerce—such as bank refusal to extend credit; companies delaying payments, deliveries and spare parts; withdrawal of technical assistance; and then the alleged implication of ITT.

ITT Denies Allegation of Plot in Chile

WASHINGTON—International Telephone & Telegraph Corp. Tuesday denied as "without foundation in fact" assertions by columnist Jack Anderson that the company had plotted to prevent President Salvador Allende of Chile from taking office in 1970.

"ITT has never intervened or interfered in the internal affairs of Chile in any way," a company spokesman said. "As a matter of fact, a close reading of the Anderson column discloses that he does not even make the allegation that ITT ever took such action.

A spokesman for the Chilean Embassy called the charges serious and indicated his government might investigate.

The ITT spokesman said that "ITT has been, and continues to be, a good corporate citizen in Chile as well as in all other countries where it has operations."

Two Documents

In a column published Tuesday, Anderson quoted what he termed confidential ITT documents purporting to show that company executives and a Central Intelligence Agency official were "plotting together to create economic chaos in Chile, hoping this would cause the Chilean army to pull a coup that would block Allende from coming to power."

The CIA declined comment.

Anderson quoted from two documents—one dated Oct. 9, 1970, from William R. Merriam, head of ITT's Washington office, to John A. McCone, a director of ITT and former head of the CIA, and the second dated Sept. 29, 1970, from ITT Vice President E. J. Gerrity to ITT President Harold S. Geneen.

Anderson quoted Merriam as telling McCone: "Today I had lunch with our contact at the McLean agency (the CIA is located in McLean, Va.) and I summarize for you the results of our conversation.

"He is still very, very pessimistic about defeating Allende when the congressional vote takes place on Oct. 21. Approaches continue to be made to select members of the armed forces in an attempt to have them lead some sort of uprising—no success to date . . .

"Practically no progress has been made in trying to get American business to cooperate in some way so as to bring on economic chaos.

Little Support

"GM (General Motors) and Ford, for example, say that they have too much inventory on hand in Chile to take any chances and that they keep hoping that everything will work out all right. Also, the Bank of America had agreed to close its doors in Santiago but each day keeps postponing the inevitable. According to my source, we must continue to keep the pressure on business."

A spokesman for Bank of America denied that any such agreement existed or was discussed. At that time, he said, the bank still believed there was a chance to continue to operate. Later, it entered negotiations with the

Chilean government that led to government acquisition of the bank's branches there last year, he said.

In the Sept. 29 memo to Geneen, Gerrity passed on suggestions for applying economic pressure in Chile and noted that he did not necessarily agree with them. These were, according to the document quoted by Anderson:

"1—Banks should not renew credit or should delay in doing so.

"2—Companies should drag their feet in sending money, in making deliveries, in shipping spare parts, etc.

"3—Savings and loan companies there are in trouble. If pressure were applied they would have to shut their doors, thereby creating stronger pressure.

SAN FRANCISCO, CAL.
EXAMINER
E - 204,749
EXAMINER & CHRONICLE
S - 640,004

MAR 2 2 1972

ITT Role In Chile Politics

Anti-Allende Pressure Told

Examiner News Services

WASHINGTON — The U.S. ambassador to Chile was given "the green light to move in the name of President Nixon" to block Marxist Salvador Allende from taking power in 1970, according to an International Telephone and Telegraph Corp. memo uncovered by columnist Jack Anderson.

The ITT memo said the State Department gave Ambassador Edward Korry "maximum authority to do all possible — short of a Dominican Republic-type action — to keep Allende from taking power," Anderson reported today.

Anderson said the memo was written Sept. 17, 1970 by Hal Hendrix and Robert Berrellez, who purportedly were sent to Chile by ITT to report on political developments following Allende's election in September 1970.

Unture

Berrellez, director of ITT's inter-American relations, said in Buenos Aires today that the information in Anderson's report was untrue. Hendrix, in New York, said likewise.

Despite the implication in that memo of high-level U.S. determination to keep Allende, he took office on Nov. 4, 1970.

According to Anderson, however, ITT officials hoped that a military coup would block his inauguration and made an offer to the White House to "assist financially in sums up to seven figures."

Anderson said the offer was reported in a Sept. 14, 1970, memo by J. D. Neal, an ITT official, to W. R. Merriam, ITT's vice president in charge of the Washington office. The memo concerned a conversation Neal had with Pete Vaky, Latin American specialist on the staff of White House foreign policy adviser Henry Kissinger.

There was no indication what the seven-figure ITT outlay would be used for, although elsewhere there were references to heavier advertising to prop up Chile's anti-Communist Mercurio newspapers and "getting some propagandists working again on radio and television."

The documents — 82 pages in all — spanned a period between September and November of 1970 when Allende became the first avowed Marxist elected to lead a nation in the Western Hemisphere. ITT has a \$95 million investment in Chile.

Violence

According to Anderson, ITT officials hoped that economic reverses might produce civil violence leading to a coup and new elections that might result in the return to power of outgoing Christian Democrat Eduardo Frei.

One of the papers was an account by Merriam, of a meeting with "our contact at the McLean agency." It was addressed to John McCone, the former CIA director who now is an ITT director. The CIA headquarters are in McLean, Va.

"He (the contact) is still very, very pessimistic about defeating Allende when the congressional vote takes place," the memo said. "Approaches continue to be made to se-

lect members of the armed forces in an attempt to have them lead some sort of uprising — no success to date . . .

Pressure

"Practically no progress has been made in trying to get American business to cooperate in some way so as to bring on economic chaos. GM and Ford, for example, say that they have too much inventory on hand in Chile to take any chances and that they keep hoping that everything will work out all right. Also, the Bank of America had agreed to close its doors in Santiago but each day keeps postponing the inevitable. According to my source, we must continue to keep the pressure on business."

Anderson said that as late as eight days before Allende's election was to be voted on by the Chilean parliament, "ITT was pinning its waning hopes on a military coup led by former Brig. Gen. Roberto Viaux" that did not occur.

Citizen

ITT, in a statement issued in New York yesterday, denied maneuvering against Allende and declared that it "has been — and continues to be — a good corporate citizen in Chile, as well as in all other countries where it has operations."

The ITT statement noted that negotiations are in progress over compensation for Chile's takeover of the ITT-owned national telephone system.

The Chilean Embassy in Washington, meanwhile, declared that Anderson's charges were "so serious that they require the most careful consideration" and investigation.

Resigned

Ambassador Korry resigned his post in 1971 and now works in Washington as a consultant for the Overseas Private Investment Corp.

Others show that officials of the White House, State Depart-

ment and the Central Intelligence Agency were approached by ITT. (Korry) was visited. Attorney General John Mitchell was even buttonholed at a wedding reception by a zealous ITT man.

"The documents indicate the company got a generally polite but cool reception from the White House and State Department, although (Korry) is reported to have been militantly anti-Allende and friendly to ITT's cause."

Anderson reported that "even more friendly, however, was the CIA's William Broe, who was then director of the Latin American division of clandestine services. Broe is reported to have personally visited ITT Vice President E. J. Gerrity Jr. in his New York office to urge ITT to join in a scheme to plunge the Chilean economy into chaos and thus bring about a military uprising that would keep Allende out of power."

Anderson said that "although there is strong evidence in the documents that the company was taking steps to help the CIA foment trouble for Allende," ITT found the Broe plan unworkable.

Anderson also released these documents:

- A September 21 memo from Neal to Merriam on a Sept. 16 meeting with John Fisher, director of Andean and Pacific affairs at the State Department. "State has little or no faith in the Chilean military's willingness or ability to take control," the report said.

- A Sept. 29 telegram from Gerrity to ITT President Harold Geneen in Brussels. "Subsequent to your call yesterday I heard from Washington and a representative called on me this morning," Gerrity said. The unnamed visitor — "the man you met with Merriam some weeks ago" — recommended a plan for "inducing economic collapse" in Chile such means as refusing to renew bank credits and failing to make deliveries.

BOSTON, MASS.

GLOBE

M - 237,967

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MAR 21 1972

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ITT: A separate government?

Columnist Jack Anderson's allegation that the International Telephone & Telegraph Corporation conspired with officials of the Central Intelligence Agency in an attempt to trigger a military coup in Chile, with which the United States maintains diplomatic relations, verges on the incredible.

And not the least chilling aspect of it is that the Justice Department, in casually dropping three antitrust suits against ITT, added to the power and influence of a corporation already so big and so powerful that it functions virtually as an independent government, ignoring Washington foreign policy makers if it does not, indeed, draw them along in its own wake.

In the alleged plot to trigger a military uprising that would have prevented the election of Chilean President Salvador Allende in 1970, ITT president Harold S. Geneen, others of the corporation's top personnel as well as members of the CIA (unless they were acting with the consent of the Federal government) have acted in what State Department spokesmen tentatively view as a clear violation of several sections of the neutrality laws as enumerated in Title 18 of the US Code.

What the Department of Justice may elect to do about it has not been disclosed. But plainly the ITT case now goes considerably beyond the initial charges, now being heard by the Senate Judiciary Committee, that ITT and the Justice Department colluded in the dropping of antitrust charges against the corporation and the corporation's agreement to help finance the Republican National Convention in San Diego in August. The confirmation of Acting Atty. Gen. Richard Kleindienst to succeed John N. Mitchell, President Nixon's campaign manager, as Attorney General has been hanging in the balance and now obviously will have to wait the fullest possible exploration of the new charges against the corporation

with which both the White House and the Justice Department have had such friendly relations.

The Globe on prior occasions has suggested that the Senate Judiciary Committee, which about a month ago unanimously recommended Mr. Kleindienst's confirmation, may not be the proper committee to handle the allegations that the out-of-court settlement of the antitrust cases was a trade-off for ITT's agreement to help finance the GOP convention. Certainly the Judiciary Committee, with all respect for the diligence with which it has pursued the trade-off charges, does not seem the proper committee for the larger investigation. Yet, the Justice Department cannot be expected to investigate itself. This puts the whole nasty and larger affair squarely up to the congressional leadership, which may not yet have had sufficient time to weigh the full import of Mr. Anderson's astounding allegations.

In the case of ITT's contribution to the GOP convention and the agreement not to prosecute the antitrust cases against it, it has been established that at least one of President Nixon's aides, Peter Flanigan, knew what was going on and even participated. In the new case, to which the then director of the CIA's Latin American Division, William V. Broe, and former CIA Director John McCone are alleged to have been privy, either White House indifference or White House ignorance verging on incompetence seems indicated.

The specifics of the anti-Allende plot, as spelled out in the ITT documents which have come into Mr. Anderson's possession, are chilling. Even more chilling are the consequences that could so easily have been the result if the plot had not been aborted. Foreign policy resulting in American expeditionary forces and the deaths of American youths are bad enough when set by the American government. The concept of such policy being set by American corporate giants is intolerable.

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Anderson tells of plan to promote revolt in Chile

ITT linked to CIA plot

Close ties between top officials of International Telephone and Telegraph and the Central Intelligence Agency were revealed today by columnist Jack Anderson, who charged that the vast conglomerate plotted to prevent the 1970 election in Chile of leftist President Salvador Allende.

The columnist, whose revelations about ITT's contribution to bring the Republican National Convention to San Diego set off the Senate hearings on the nomination of Richard Kleindienst as Attorney General, said he had copies of "secret documents" that showed that ITT "dealt regularly" with the CIA and "considered triggering a military coup to head off Allende's election."

Mr. Anderson said his documents "portray ITT as a virtual corporate nation in itself with vast international holdings, access to Washington's highest officials, its own intelligence apparatus and even its own classification system."

"They show that ITT officials were in close touch with William V. Broe, who was then director of the Latin American division of the CIA's Clandestine Services. They were plotting together to create economic chaos in Chile, hoping this would cause the Chilean army to pull a coup that would block Allende from coming to power."

The column said ITT President Harold Geenen received a confidential wire from a vice president, E. J. Gerrity, that itemized the methods to provoke an uprising in Chile:

"1. Banks should not renew credit or should delay in doing so.

"2. Companies should drag their feet in

sending money, making deliveries, in shipping spare parts, etc.

"3. Savings and loan companies there are in trouble. If pressure were applied, they would have to shut their doors, thereby creating pressure.

"4. We should withdraw all technical help and should not promise any technical assistance in the future. Companies in a position to do so should close their doors.

"5. A list of companies was provided, and it was suggested that we approach them as indicated. I was told that of all the companies involved, ours alone had been responsive and understood the problem. The visitor (evidently the CIA's William Broe) added that money was not a problem. He indicated that certain steps were being taken but that he was looking for additional help aimed at inducing economic collapse."

Mr. Anderson wrote that former CIA boss John McCone, now a director of ITT, received a report on Oct. 9, 1970, from William Merriam, head of ITT's Washington office. The column quoted the memo in part:

"Today I had lunch with our contact at the McLean agency (CIA), and I summarize for you the results of our conversation. "He is still very, very pessimistic about defeating Allende when the congressional vote takes place on Oct. 24.

"Approaches continue to be made to select members of the Armed Forces in an attempt to have them lead some sort of uprising — no success to date . . .

"Practically no progress has been made in trying to get American business to cooperate

in some way so as to bring on economic chaos. GM and Ford, for example, say that they have too much inventory on hand in Chile to take any chances and that they keep hoping that everything will work out all right.

"Also, the Bank of America had agreed to close its doors in Santiago but each day keeps postponing the inevitable. According to my source, we must continue to keep the pressure on business."



ITT lobbyist Dita Beard

The Washington Merry-Go-Round

Memos Bare ITT Try for Chile Coup

By Jack Anderson

Secret documents which escaped shredding by International Telephone and Telegraph show that the company, at the highest levels, maneuvered to stop the 1970 election of leftist Chilean President Salvador Allende.

The papers reveal that ITT dealt regularly with the Central Intelligence Agency and, at one point, considered triggering a military coup to head off Allende's election.

These documents portray ITT as a virtual corporate nation in itself with vast international holdings, access to Washington's highest officials, its own intelligence apparatus and even its own classification system.

The papers bear a variety of security labels, including "Confidential," "System Confidential," and "Personal and Confidential." The originals, presumably, were shredded along with the "many sacks" of documents that ITT has now admitted destroying to keep them out of our hands. Nevertheless, we have obtained copies.

They show that ITT officials were in close touch with William V. Broe, who was then director of the Latin American division of the CIA's Clandestine Services. They were plotting together to create economic chaos in Chile, hoping this would cause the Chilean army to pull a coup

that would block Allende from coming to power.

ITT-CIA Ties

ITT Director John McCone, himself a former CIA head, played a role in the bizarre plot. He received a confidential report on Oct. 9, 1970, from William Merriam, vice president in charge of ITT's Washington office.

"Today I had lunch with our contact at the McLean agency (CIA), and I summarize for you the results of our conversation," wrote Merriam. "He is still very, very pessimistic about defeating Allende when the congressional vote takes place on Oct. 24.

"Approaches continue to be made to select members of the Armed Forces in an attempt to have them lead some sort of uprising — no success to date . . .

"Practically no progress has been made in trying to get American business to cooperate in some way so as to bring on economic chaos. GM and Ford, for example, say that they have too much inventory on hand in Chile to take any chances and that they keep hoping that everything will work out all right.

"Also, the Bank of America had agreed to close its doors in Santiago but each day keeps postponing the inevitable. According to my source, we must continue to keep the pressure on business."

The plot to bring about a

military coup by applying economic pressure is spelled out in a confidential telex, dated Sept. 29, 1970, to ITT's President Harold S. Geneen from one of his vice presidents, E. J. Gerrity. Here is Gerrity's description of the plot:

"1. Banks should not renew credit or should delay in doing so.

"2. Companies should drag their feet in sending money, making deliveries, in shipping spare parts, etc.

"3. Savings and loan companies there are in trouble. If pressure were applied, they would have to shut their doors, thereby creating pressure.

"4. We should withdraw all technical help and should not promise any technical assistance in the future. Companies in a position to do so should close their doors.

"5. A list of companies was provided, and it was suggested that we approach them as indicated. I was told that of all the companies involved, ours alone had been responsive and understood the problem. The visitor (evidently the CIA's William Broe) added that money was not a problem. He indicated that certain steps were being taken but that he was looking for additional help aimed at inducing economic collapse."

Next day, Gerrity sent a memo to ITT's Washington office telling of advice from an anti-Allende source in Chile to

"keep cool, don't rock the boat, we are making progress."

"This is in direct contrast to what Broe recommended," the memo says. "I will call you later to discuss HSG's (ITT President Harold S. Geneen) reaction to my telex in some detail. He agrees with me that Broe's suggestions are not workable. However, he suggests that we be very discreet in handling Broe."

We will publish further details about this bizarre CIA-ITT conspiracy in a future column.

Footnote: A CIA spokesman would make no comment, refused even to acknowledge Broe's identity. We had to verify this from other inside sources. At this writing, ITT hasn't responded to our questions.

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New 'Beard Memos' Cited

By ROBERT WALTERS
and JOY ASCHENBACH

Star Staff Writers

In a bizarre turn of events, there now appear to be at least three interoffice memos purportedly written by Mrs. Dita Davis Beard, an International Telephone & Telegraph Corp. lobbyist, on the subject of ITT's connection with the year's Republican National Convention.

Syndicated newspaper columnist Jack Anderson says he has the authentic memo. ITT distributed late yesterday afternoon what it described as the "genuine" memo. But Mrs. Beard's former secretary says neither of those matches the content of the memo she recalls typing last year.

By early this morning, an ITT spokesman said the company was deferring to the secretary's memory and acknowledging that a third memo apparently is involved in the growing controversy.

But there's a problem with that: ITT says the third memo cannot be found.

Anderson's document is a June 25, 1971, memo Mrs. Beard is said to have written to William R. Merriam, ITT vice president in charge of the corporation's Washington office.

A Link

That memo, written on the stationery used by the ITT Washington office, links the Justice Department's decision last year to abandon prosecution of three antitrust cases against ITT with a concurrent corporation decision to contribute up to \$400,000 to the 1972 GOP convention.

Publication of quotations from that document on Feb. 29 touched off a continuing dispute which led to a three-week-long inquiry on the part of the Senate Judiciary Committee and to the indefinite postponement of Senate action on President Nixon's nomination of Deputy Atty. Gen. Richard G. Kleindienst to be attorney general.

Mrs. Beard, hospitalized in Denver while recovering from a heart ailment, last Friday issued a statement through her attorney in which she vowed the Anderson memo and described it as a "fraud," a "hoax," and a "forgery."

Yesterday afternoon and evening, ITT distributed to the Judiciary Committee and to newsmen here a packet of materials — a press release, three affidavits and a copy of a previously unpublicized memo attributed to Mrs. Beard — designed to further discredit Anderson's memo.

The 'Genuine Memo'

The press release described those materials as "important new evidence indicating that the so-called Board memorandum of Anderson was a fraud." The company statement also referred three times to the newly disclosed Beard memo as the "genuine" one.

"The various affidavits also contain important other evidence indicating that the Anderson memorandum is false," the press release added.

However, two of those three affidavits contained evidence which appeared to challenge the authenticity of the company's "genuine" memo.

That memo, like Anderson's document, was dated June 25, 1971, written on ITT Washington office letterhead and said to have been sent from Mrs. Beard to Merriam. But unlike Anderson's memo, the ITT-disclosed document appeared to be principally a description of Mrs. Beard's responsibilities as ITT's lobbyist.

The one-page memo released by ITT contained no mention of the then-pending antitrust litigation and only one reference to the company's involvement in planning for the GOP convention:

"The negotiations for the '72 convention being held on ITT properties in San Diego have been wholly my (Mrs. Beard's) responsibility. If this possibility becomes fact, it obviously means unbuyable publicity for ITT."

Secretary's Statement

One of the sworn statements distributed by the company was from Mrs. Susan Lichtman, who said that she worked in ITT's Washington office from May 24 through about July 1971. "My principal responsibility," her affidavit said, "was to provide

secretarial assistance to Mrs. Beard."

Mrs. Lichtman, now living in Toronto, said: "I do recall typing, during my employment, a memorandum having to do with the San Diego Convention." Her affidavit continued:

"I have carefully examined and re-examined the attached copy of a memorandum dated June 25, 1971, and do not recognize it (Anderson's version of the memo) as a memorandum which I typed ... I am sure that had I typed (it), I would have remembered the sentences which I have bracketed and initialed, because of the implications contained in them."

Mrs. Lichtman said she could "definitely recall typing a memorandum containing some of the passages" in three paragraphs of Anderson's memo, but she also insisted that the document she typed did not contain the two most incriminating portions of Anderson's memo.

One of those passages said ITT's "noble commitment" of Republican convention support "has gone a long way toward our negotiations on the mergers eventually coming out as Hal (ITT President Harold S. Geneen) wants them."

The other passage Mrs. Lichtman could not recall typing said that if the convention pledge "gets too much publicity, you can be sure our negotiations with Justice will wind up shot down. (Then Atty. Gen. John N.) Mitchell is definitely helping us, but cannot let it be known."

Remembers Sentence

Among portions of the memo which Mrs. Lichtman said she did remember typing was a sentence which said: "Other than permitting John Mitchell, Ed Reinecke, Bob Haldeman and Nixon (besides Wilson, of course), no one has to know from whom that \$400,000 commitment had come."

Reinecke is lieutenant governor of California, Haldeman is one of Nixon's principal aides and Wilson is Rep. Bob Wilson, R-Calif., whose House district includes San Diego. Reinecke said the new memo was "a forgery."

called typing that sentence "in general" although "not word for word."

Similarly, Mrs. Lichtman remembered typing a sentence which read: "John Mitchell has certainly kept it (the convention negotiations) on the higher level only, we should be able to do the same."

Mitchell, in testimony before the Judiciary Committee earlier this month, denied having any advance knowledge of convention arrangements or ITT's promise of substantial financial support.

Because Mrs. Lichtman's sworn statement confirmed the authenticity of more than half of the text of Anderson's memo and made no references to the ITT-distributed memo described by the company as the "genuine" one, an ITT spokesman reluctantly retracted the "genuine" claim.

"The memo that she recalls writing we do not have," said Bernard Goodrich, an ITT public relations official based in Washington. Asked if that meant the company still was missing the "real" memo written by Mrs. Beard, he replied: "We certainly are."

The second affidavit released by the company was that of Russell J. Tagliareni, an ITT security officer who said he met with Mrs. Lichtman on March 2 to discuss her part in the preparation of the documents. "I made no deals or promises of consideration of any kind," Tagliareni said. "She gave me her statement as to the facts voluntarily."

Tagliareni quoted Mrs. Lichtman as saying she "would have reacted" to the incriminating passages linking the antitrust litigation with the convention financing "because of the moral implications involved."

The third affidavit released by ITT was that of Merriam, who said that "within the past two days we have discovered" the new memo. ITT officials earlier told the Senate committee that many of the documents in the company's Washington office had been mechanically shredded, but Goodrich said the new memo was "a forgery."

continued

Nixon Studies U.S. Reports For Upcoming China Visit

By Paul G. Edwards

Washington Post Staff Writer

KEY BISCAYNE, Fla., Feb. 4 — President Nixon spent today at his Florida retreat reading State Department and National Security Council reports in preparation for his upcoming trip to China.

Press secretary Ronald Ziegler said at a morning briefing that Mr. Nixon plans to study about 500 pages of material on China during the weekend, including transcripts of discussions between White House foreign affairs adviser Henry Kissinger and Chinese Premier Chou En-lai.

Ziegler said the President also has with him some of the books on China that he has been reading, but he said that Mr. Nixon had asked that the titles of the books not be released.

The press secretary was asked if the books included the thoughts of Mao, the "Little Red Book" of party doctrine by Communist Party Chairman Mao Tse-tung. Ziegler replied that he did not know.

On national employment figures released today, Ziegler said that the addition of 240,000 workers to the job force last month and resulting decline in unemployment from 6 per cent to 5.9 per cent of the work force "give us a sense of optimism."

"If the growth in employment continues at this magnitude," he said, "we feel it will cut away at the unemployment rate."

Ziegler also announced appointment by the President of four former top government officials to the general advisory committee of the U.S. Arms Control and Disarmament Agency. If confirmed by the Senate, the nominees will replace four members of the committee who have resigned.

Appointed were Robert Ellsworth, former member of NATO; John A. McCone, former director of the Central In-

telligence Agency; David Packard, former deputy Secretary of Defense, and Gen. Earle G. Wheeler, former chairman of the Joint Chiefs of Staff.

Those who have resigned are William Casey, chairman of the Securities and Exchange Commission; Cyrus Vance, former Secretary of the Army; Peter G. Peterson, newly appointed Secretary of Commerce, and Douglas Dillon, former Secretary of the Treasury.

Mr. Nixon was greeted at Miami International Airport by personal friend Charles G. (Bebe) Rebozo when the presidential plane landed at 9:36 p.m. Thursday night.

At 4 o'clock, the President took an hour-long break for a ride on Biscayne Bay in Rebozo's boat, the Coco Lobo III. On board with Mr. Nixon were Rebozo and the President's younger daughter and son-in-law, Julie and David Eisenhower.

The weather was sunny but windy with the temperature in the mid-60s.

The plane left Andrews Air Force Base at 7:04 p.m. On board with the President on the trip was National Football League Commissioner Pete Rozelle.

Chinese Table-Tennis Players Invited to Make Tour of U.S.

A Chinese table-tennis team expected in the United States this spring has been invited to make a national tour including New York, Washington, Detroit and Los Angeles.

Those and other arrangements for the team's visit were suggested in letters made public yesterday by Graham B. Steenhoven, who led the American team's visit to China last April.

"A warm and friendly welcome" awaits the Chinese team, Mr. Steenhoven promised in a letter to the head of the Chinese Table Tennis Association:

The United States Table Tennis Association had its first confirmation that the Chinese would pay a return visit when Premier Chou En-lai went a message to Mr. Steenhoven that the players would arrive here "when the blossoms are in full bloom." The Premier's message was conveyed through Ronald L. Ziegler, the White House press secretary, when members of President Nixon's staff were in Peking to make arrangements for the President's forthcoming visit to China.

In a letter to the Chinese Premier, Mr. Steenhoven said arrangements for the visit were being made by his association together with the National Committee on United States-China Relations, an educational organization working since 1966 to improve understanding of China.

The committee, which is financing the trip, has reached half of its goal of \$300,000 mainly in the form of pledges from private individuals or groups to meet the cost of transportation and accommodations for the players. No funds from the United States Government are involved since this is to be a visit arranged by private nongovernment host. Money has been given or promised by airlines and industrial enterprises, plus individual donors, including John D. Rockefeller 4th, Frank Sinatra and John A. McCone, former head of the Central Intelligence Agency.

When Britain pulled out of Rhodesia after the 1965 Unilateral Declaration of Independence, the CIA worked to ferret out details of the sanction-busting. In the popular traditions of spying, secret documents disappeared were used to convey messages in invisible ink. It was a shock to one of the informers was a prominent lawyer. But it was not until the CIA had expanded into an area where the British were unactive in Egypt, Iran and Syria. E. H. COOKRIDGE ends his story and looks at the Director, Richard Helms

DEAD LETTERS

IN SALISBURY

MANY of the bright young men Allen Dulles had recruited to CIA from law offices and universities had gained their spurs in London, where they were sent to glean some of the methods of the British Secret Intelligence Service. Dulles enjoyed making wisecracks about the Victorian and Indian Army traditions still surviving in the British secret service, but he had a healthy respect for its unrivalled experience and great professionalism. He knew that CIA could learn a lot from the British about operations in the Middle East and Africa, where its stations were rapidly expanding.

After Archibald Roosevelt, one of CIA's foremost "Arabists", had restored cordial relations with SIS when station head in London, a plan of co-operation was devised for Africa, where most of the former British colonies had gained independence, and were becoming subject to strong Soviet and Chinese pressure. Roosevelt was still in London when, in 1965, Rhodesia made her momentous "Unilateral Declaration of Independence" (UDI), which led to the conflict with the British Government.

There is no better instance of the strengthening of CIA-SIS collaboration than the hitherto undisclosed story of the services CIA rendered the British authorities in Rhodesia, particularly since about 1968.

Indeed, in assisting the British SIS in its thankless task of implementing the policy of economic sanctions against the Smith regime, CIA put its relations with the Portuguese in jeopardy. It has an enduring understanding with the Portuguese Government and its PIDE secret service on many aspects: NATO security, anti-communist operations, the use of radio stations in Portugal and her colonies, and of bases for the Portuguese Air Force and Special Forces in Angola, Mozambique and Macao. However thin the

British sanction policy became, British consular offices and SIS men were supposed to watch the steady flow of Rhodesian pig-iron, tobacco, and other products through the Portuguese ports of Lorenzo Marques and Beira in East Africa to Europe and the Far East. Merchants and shippers there had made fortunes out of the traffic which the Portuguese were bound, by United Nations resolutions and agreements with Britain, to regard as illegal.

After the closure of British missions in Salisbury all information about Rhodesian exports dried up at source. At this juncture CIA stepped in to assist the British. It was not merely a labour of love. American tobacco syndicates in Virginia, Georgia, North and South Carolina, Tennessee and Kentucky greatly increased their production and sales to Europe when Rhodesian tobacco growers lost most of their trade through sanctions. Traditionally, Rhodesian tobacco was used for cigar and cigarette manufacture in Belgium, Holland, Germany and Switzerland. When these supplies dried up, European manufacturers turned to American growers. But by and by Rhodesian exports began to flow again, by the use of false certificates of origin and smuggling through the Portuguese ports and through Durban in South Africa, much to the displeasure of the Americans.

Thus, obliging the British and helping American business, CIA ordered its agents to ferret out the secrets of the sanction-busting schemes devised by Mr Ian Smith's regime. Soon the CIA station in Salisbury was bustling with activity. Since 1962 it had been headed by Richard La Macchia, a senior CIA official, who had joined it in 1952 from the State Department. He had come to Africa in the guise of an official of the U.S. Development Aid Agency.

Other CIA men were Cape Town, former A. Francis M. who had cloak-and-dagger work in Cuba and Congo and several others in the most secret of the most secret.

Salisbury. In 1957 from the State Department; from 1959 he headed the East and South African section and, at the time of his new appointment, was Station Head in Pretoria. Among his various exploits he was reputed to have initiated the first contacts between the South African government and Dr Banda of Malawi.

The CIA agents were perpetually journeying between Salisbury and the Mozambique ports, and Murray was temporarily posted to Lusaka to maintain personal contact with British officials resident in Zambia. Mr Ian Smith and his cabinet colleague, Mr J. H. Howman, who looks after foreign affairs as well as security and the secret service of the Rhodesian regime, were not unaware of the unwelcome operations of the Americans. They suffered them for the sake of avoiding an open clash with Washington. Their patience, however, became frayed when it was discovered that secret documents had disappeared from the headquarters of the ruling Rhodesian National Front Party. Subsequently,

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New Light on the Cuban Missile Crisis of 1962

By Chalmers M. Roberts

Former Hungarian Diplomat Here Reveals Some Intriguing Background

THE CUBAN missile crisis of 1962 never ceases to intrigue those who lived through it or had anything to do with it. And so two new works that add to the general knowledge are well worth reporting. One is a unique look at the crisis by a Communist diplomat then in Washington. The other is an analytical study by an associate professor at the Kennedy School of Government at Harvard.

Janos Radvanyi was the Hungarian chargé in Washington at the time (there was no ambassador), an affable fellow with whom I had much contact. On May 17, 1967, he defected, turning up later at Stanford where he wrote "Hungary and the Super Powers" to be published in May by the Hoover Institution. The book is largely about Hungarian-American relations. But one chapter on the missile crisis will have far wider interest. What follows is from it.

IN SEPTEMBER and October, 1962, Radvanyi reported home that the United States was overreacting to reports of Soviet activity in Cuba. He did so in part because Soviet diplomats here had told him the uproar was part of the American pre-election campaign. But one day he received a copy of a cable to Budapest from Hungarian Ambassador Janos Beck in Havana. Beck "made it a point to discount information he had received from the Chinese embassy in Havana as being provocatively anti-Soviet," Radvanyi writes. But "the Chinese ambassador had apparently told him that according to information he had received from private sources the Soviet Union was delivering surface-to-surface ballistic missiles to Cuba and that Soviet military advisers had come to Cuba not as instructors but as members of Soviet special rocket force units to operate these missiles."

Radvanyi goes on: "Ambassador Beck remarked that his Chinese friends had complained of Soviet unwillingness to disclose any details and had asked Beck whether he knew anything more about the whole affair. Beck argued that the story of the deployment of ground-to-ground missiles had been launched by 'American warmongers' and observed that neither the Soviet ambassador in Havana nor high-ranking Cuban officials had mentioned anything to him about the missile build-up."

This message apparently was sent in late July or early August. Soviet arms shipments were arriving at that time, though the first medium range missiles did not come until Sept. 8. On Aug. 22 CIA Director John McCone voiced to President Kennedy his suspicions that the Soviets were preparing to introduce offensive missiles, perhaps on the basis of information gathered in Cuba that month by French intelligence agent Philippe De Vesjoli. However, on Sept. 19 the United States Intelligence Board's estimate was that the Soviets would not introduce offensive missiles into Cuba. October would be another story.

On Oct. 18 Radvanyi attended the first of three meetings with Soviet Ambassador Anatoly F. Dobrynin and the heads of all the Communist embassies in Washington. Dobrynin discussed the meeting the previous day between President Kennedy and Soviet Foreign Minister Andrei Gromyko. After dinner at the Czech embassy Dobrynin "assured his audience that recent reports of Soviet ground-to-ground missiles in Cuba were completely without foundation." As to the Kennedy-Gromyko meeting, "nothing extraordinary had happened"; the German situation had been discussed at length along with disarmament. At this point in his account, Radvanyi states that "it seems highly unlikely to me" that Gromyko had not been "privy to the Kremlin discussions" about the missiles but that "it is altogether possible that Dobrynin may not have been informed."

THE CRISIS became public with the President's Oct. 22 speech. Next day Dobrynin called the diplomats together again, explaining that the purpose was "to collect information and to solicit opinions on the Cuban situation." Dobrynin "characterized it as serious and offered two reasons for his concern. First of all, he foresaw a possible American attack on Cuba that would almost surely result in the death of some Soviet military personnel who had been sent to handle the sophisticated new weapons. Thus by implication the Soviet ambassador was admitting the presence in Cuba of Soviet medium-range missiles. Secondly, he feared that when Soviet ships reached the announced quarantine line a confrontation was inevitable." Dobrynin "explained that any defensive weapon could be labeled offensive as well and dismissed American concern ever a threat from Cuba. The Pearl Harbor attack, he suggested, might have been responsible for this unwarranted paranoia. Everybody agreed that the situation was serious and that the possibility of an American invasion of Cuba could not be discounted." Asked how Moscow intended to deal with the quarantine, "Dobrynin was forced again to reply that he simply had no information..."

On Oct. 23 at the Soviet embassy's military attaché party Dobrynin told Radvanyi "that the situation was even more confused and unstable..." But, as Radvanyi notes, the Soviet envoy did not disclose that before the party he had met with Attorney General Robert F. Kennedy in the third floor of the embassy. It was then that Robert Kennedy told Dobrynin the President knew he had been deceived by assurances from Dobrynin and others that no offensive missiles would be placed in Cuba, as detailed in Robert Kennedy's posthumously published "Thirteen

nist diplomats on Oct. 26, this time at the Soviet embassy, they discussed Walter Lippmann's column of the previous day suggesting dismantling of American missiles in Turkey along with the Soviet missiles in Cuba. "The Soviet embassy," writes Radvanyi, "apparently considered the Lippmann article a trial balloon, launched by the U.S. administration to seek out a suitable solution. Dobrynin sought their (Communist diplomats') opinion as to whether they thought the Lippmann article should be regarded as an indirect suggestion on the part of the White House." Only the Romanian ambassador indicated he had some reason to think that it was just that; Lippmann, as far as I know, has never said whether the idea was simply his own. According to RFK's account, Adlai Stevenson on the 20th had suggested a swap involving withdrawal of American missiles from both Turkey and Italy and giving up the naval base at Guantanamo Bay in Cuba. The President rejected the proposal.

AT the meeting on the 26th Dobrynin said he still had no information on how Moscow would meet the quarantine. "I told him," writes Radvanyi, "that according to my information the American buildup for an invasion of Cuba was nearly completed and that American missile bases had aimed all their missiles toward targets on the island. Only a go-ahead signal from the President was needed. The Soviet ambassador concurred with my analysis, adding that the Soviet Union found itself in a difficult position in Cuba because its supply lines were too long and the American blockade could be very effective. (Czechoslovak ambassador) Ruzek remarked grimly that if the Americans invaded, it would definitely trigger a nuclear war. At this point I lost self-control and asked whether it was not the same to die from an American missile attack as from a Soviet one. Dobrynin attempted to assure me that the situation had not reached such proportions and that a solution would no doubt be found..."

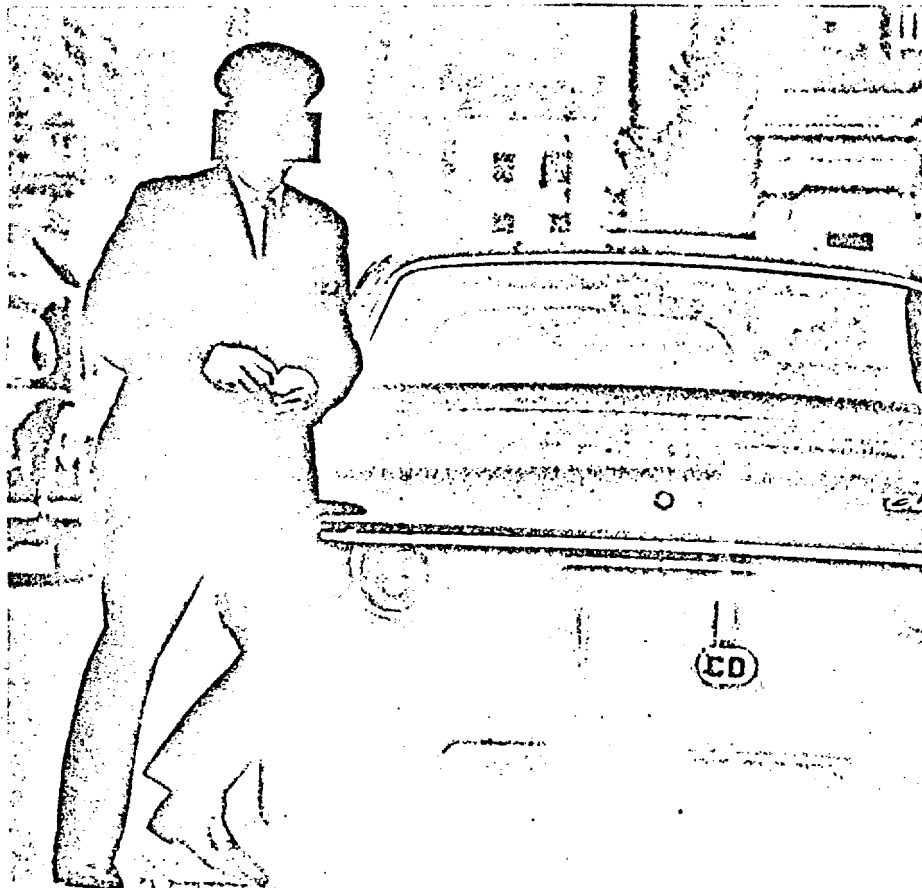
"At the close of the meeting, any last remaining ray of hope I may have had for a peaceful solution was abruptly shattered. Dobrynin now announced that the Soviet embassy was this very moment burning its archives. Shocked at this news I inquired of Dobrynin whether he planned to evacuate the families of Soviet diplomatic personnel. Dobrynin replied in the negative.

"Back once again at the Hungarian legation I rushed off to Budapest a long summary of my latest meeting with Dobrynin, and informed the foreign ministry that Dobrynin had confirmed the information that the Americans were militarily prepared to invade Cuba. I emphasized that unless a quick political solution were found within the next

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14 Jan 1972

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THE BIGGEST SECRET SERVICE IN THE WORLD

Starting an exclusive report on the CIA, its power

INSIDE



The Biggest Secret Service in the World.
An analysis of the work of the Central Intelligence Agency begins on page 10.

The compiler of this three-part report is E. H. Cookridge (left), who is the author of 16 books on espionage. Recruited into the British Secret Service on graduating from the University of Vienna in 1934, he has spent his time ever since in intelligence work, or writing about it. "I am in the position of the dumb blonde in Hollywood films. Once you are it you cannot stop. I am tired of writing about spies." But his network of contacts built up over the years is unique; and ensures that he will be

Teeth for the Red Chinese Tiger

By CHARLES J. V. MURPHY

ONE DAY in late 1959, John A. McCone, then chairman of the U.S. Atomic Energy Commission, was be-

ing shown around the Soviet Union's Institute for Joint Nuclear Research in the Moscow suburb of Dubna. Here the foremost scientists and engineers in the communist camp were being instructed in advanced nuclear theory and practice. Among them were a high proportion of Chinese. McCone's guide, a high-ranking Soviet official, confessed concern over the rapid progress of

An authoritative report on Red China's imminent emergence as a nuclear superpower—and what it may mean for the global future

CHARLES J. V. MURPHY is a journalist of long experience who has traveled extensively in postwar mainland China and throughout Asia. In preparing this article, he consulted with high-level officials in the Department of Defense and with distinguished observers in the scientific community.

Chinese technology and the danger for Russia in continuing the collaboration. "The Chinese," the escort said bleakly, "are our future problem. Perhaps yours, too."

Several months later, in mid-1960, the break between Red China and the Soviet Union became complete. Within a year or two, the Chinese were mostly gone from Dubna. What they carried home in their heads, combined with what their colleagues had "borrowed" from other sources, proved altogether enough for China's purposes. Only four years after the break, the Chinese nuclear physicists, who included many alumni of Dubna, set off a highly creditable atomic device. In 1967, they produced a deadly hydrogen bomb.

Even now, on the island of Zanzibar in the Indian Ocean, several hundred Chinese technicians are assembling what appears to be a missile-tracking station. A Chinese vessel bedecked with radar-tracking and telemetry gear has been sighted and looks to be ready for a shake-down cruise. From these and other signs, the first full-range test of a Red Chinese intercontinental-range (ICBM) seems imminent. If the missile flies true, China will move up behind the United States and the Soviet Union as a nuclear superpower in the making.

Yet there is much about China that puzzles the Western mind. On the one hand, there is the nuclear giant; on the other, the still threadbare nation of 750 to 800 million people with practically no cars, buses or trucks. Her gross national product is a little more than \$100 billion a year—only one tenth that of the United States, one sixth that of Russia. Her yearly output of steel (about 18 million tons) is barely equal to that of Italy, and her total annual output of electric energy (60 billion kilowatt hours) would scarcely keep the houses of France lighted and the factories of France operating for five months of the year.

How, then, was China, from so meager an industrial base, able to

the most advanced military technologies? And what does this newfound competence bode for the future of Pacific Asia?

Pirates of Peking. Answering the first question is easier than answering the second. The Asian capacity for unremitting toil and ingenious improvisation has long been justly celebrated. China, ruined by decades of civil war and the Japanese occupation but governed after 1949 by a triumphant revolutionary collegium, chose to concentrate its imitative gifts on mastering Western technologies that would make it the foremost military power in Asia.

To get a fast start on the nuclear road, in 1955 she contracted with the Soviet Union for nuclear power and research reactors, as well as technical assistance. China also looked to Russia to provide the industrial underpinnings for her nuclear ventures. By Soviet accounting, its largess included some 400 complete plants plus laboratories, machinery, blueprints. At least 12,500 Soviet and Eastern-bloc technicians served in China, and some 7500 Chinese technicians took advanced training in the Soviet Union.

China, however, did not enter the partnership empty-handed. Of some 200 senior physicists, chemists, mathematicians and engineers whom Peking assembled in the middle 1950s for the parallel nuclear and rocket programs, three quarters had been educated abroad. Nearly half came out of the best U.S. scientific and engineering schools. Dr. Tsien Hsue-shen, for example, one of the world's foremost authorities on rocketry, was the United States' un-

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