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3 APR 1973

MEMORANDUM FOR: Deputy Director for Operations

SUBJECT: ITT/Chile Press Reports on 3 April 1973  
and Other Developments

1. Harold S. Geneen, the Chairman of ITT, testified on 2 April before the Senate Foreign Relations Subcommittee on Multinational Corporations. He did not recall offering a financial contribution to Mr. William V. Broe for anti-Allende activities during their July 1970 meeting, but "accepted" Broe's version of their talk. Geneen then commented, "In any event, the subject was obviously dropped and I did nothing further about it" (AP wire).

2. The Washington Post of 3 April reported that Geneen "gingerly stepped around contradictions in previous testimony by ITT officials and other witnesses" while acknowledging that he twice offered large sums of money to the U.S. Government in 1970 to block the election of Allende. Geneen said he requested the July 1970 meeting with a CIA official to get current information on political developments in Chile, and claimed that he did not know he was talking with an official on the clandestine side of CIA when he met Mr. Broe. Geneen took the position that his offer after the September 1970 elections was a "dual" offer which might have been allocated by the U.S. Government toward financing an anti-Allende coalition in the Chilean Congress or might have been used for development aid. He described it as "a very open offer." Senator Case commented that if he had been Allende he would have regarded it as "provocative."

3. The New York Times story was shorter and omitted the "dual" nature of his offer to the U.S. Government in October 1970. Mr. Geneen was also reported to have said that assuming he did make an earlier offer of cash in July 1970, it was probably an "emotional reaction" to learning from Broe that the U.S. was planning no action to defeat Allende. In contrast to the matter-of-fact coverage of Mr. Geneen's testimony on the front page of the New York Times, there was a strong and antagonistic editorial with the central theme that "It is evident that the CIA is continuing its own foreign policy." The editorial also says that "CIA went

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wildly beyond any legitimate intelligence function and also disclosed incredible ignorance and naivete about Chile's political situation." The editorial continues that it becomes "even more imperative" for the Subcommittee to establish "who has lied" because of contradictions in sworn testimony by ITT and CIA officials. It ends by saying that "both the CIA and ITT badly damaged the best interests of the United States."

4. Comment: Geneen's soft rejoinder to Mr. Broe's testimony appears to have accomplished two things. He implied denial of making the blunt offer described in Mr. Broe's statement, without actually doing so, most probably to protect ITT's insurance claim before OPIC. He was also avoiding a confrontation with Mr. Broe, quite possibly due to appreciation that further details about their talk would (and still could) raise additional embarrassing questions about ITT's role in Chile in 1970. Mr. Geneen either took a calculated risk or had good intelligence on the extent of Mr. Broe's testimony to the Subcommittee. In any case, his testimony appears to vary from [redacted] the facts when telling the Subcommittee that "ITT did not take any steps to block the election of Salvador Allende as president of Chile ... nor did it contribute money to any person or to any agency of any government to block the election of Dr. Allende..."

5. The complete text of the testimony during the second week of Subcommittee hearings (27-29 March) was made available on 2 April and has not yet been fully reviewed by WHD. A quick perusal of portions of the testimony shows the curious fact that both the Anaconda and IBM executives named by John Guilfoyle of ITT in earlier testimony denied being called by Guilfoyle to discuss economic actions in Chile. This referred to ideas Mr. Broe had discussed earlier in the day with Mr. E. J. Gerrity who then asked Guilfoyle to check them out. William E. Quigley, Vice Chairman of the Board of Anaconda, said he had not received any call from Guilfoyle because he was out of town that day. Miles Cortez, Manager of Corporate Support Programs of IBM World Trade Corporation said his records show he was called by Guilfoyle but does not recall any details about the conversation. He denied that Guilfoyle ever raised with him a plan for creating economic chaos in Chile. The Subcommittee has stressed the "policy change" which would have been necessary for Mr. Broe to discuss such matters with Gerrity.

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6. [REDACTED] 3 April that the government newspaper seems to be intensifying coverage of the hearings which may be an indication that the government plans to play up the case in weeks ahead. An editorial in the government newspaper suggested that the Chilean Congress open an investigation of the ITT case and that if Congress is unwilling to do so, "a public tribunal should be set up to make public the evidence and lodge charges." However, [REDACTED] [REDACTED] this more aggressive line may be due more to the breakdown in the new round of bilateral talks between Chile and the U. S. Government rather than revelations coming out of the U.S. Senate Subcommittee investigations.

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