



**WILLIAM V. BROE**  
... CIA official testifies

# CIA Aide Disputes ITT on Fund Offer

By Laurence Stern  
Washington Post Staff Writer

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

In sworn testimony released yesterday, William V. Broe, former CIA chief of clandestine operations in the Western Hemisphere, also acknowl-

edged that he discussed steps with ITT officials to accelerate economic instability in Chile at a crucial political period for Allende.

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

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

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

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

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

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

In declining the offer, Broe said, he told Geneen “we could not absorb the funds and

serve as a funding channel. I also told him that the United States Government was not supporting any candidate in the Chilean election.”

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

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

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

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

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

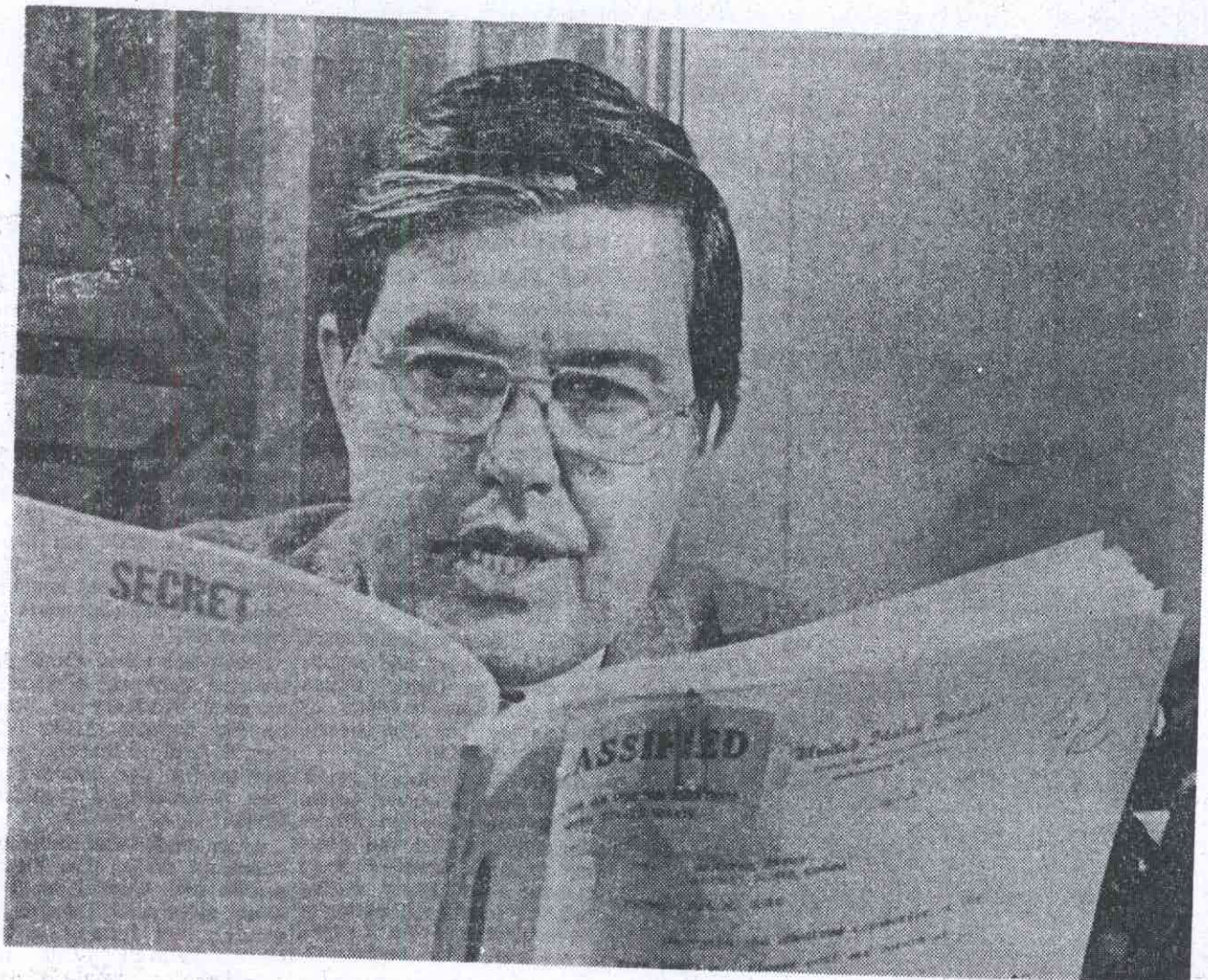
Again at the direction of Helms, Broe said, he met with Gerrity on Sept. 29 to explore with the ITT executive “how the deteriorating economic situation (in Chile) could be accelerated...”

Broe confirmed that he discussed with Gerrity such measures as curtailing bank credits and deliveries of spare parts, creating pressure on savings and loan institutions to close their doors, and withdrawing technical assistance.

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

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

He told the subcommittee



Sen. Frank Church, chairman of subcommittee conducting ITT inquiry, reads transcript of CIA testimony. By Frank Johnston—The Washington Post

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

It never came to pass.

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

In a meeting with newsmen, the Idaho Democrat said he could not clarify the apparent

contradiction between Broe's declaration to Geneen that the CIA was not supporting a candidate in the election and Broe's subsequent endorsement of economic pressures designed to prevent Allende from taking office. Broe's testimony, he said, "would have to speak for itself."

Sen. Clifford P. Case (R-

N.J.) also observed that "the record to me is not clear."

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

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

In early September, however, McCone, an ITT board member and CIA consultant, approached national security adviser Henry Kissinger and Helms to convey Geneen's offer of aid to finance a U.S. government plan to block Allende.

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

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

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

Broe testified that he also met with ITT's former Washington office director William Merriam on Sept. 22, a week prior to the Gerrity meeting, and gave his assent to ITT

proposals for covert support to anti-Allende newspapers as well as the hiring of radio and television "propagandists" favoring other candidates.

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

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

The purpose of Church's inquiry is to determine whether ITT brought improper influence in Chile to affect the outcome of the 1970 election and the extent to which it had the active cooperation of the CIA. ITT and a number of other companies contended that their fears of an Allende administration were prompted by campaign pledges of the Socialist candidate to nationalize basic industries, such as ITT's telephone subsidiary as well as American owned copper and bank holdings.

Allende's government contended that it was negotiating in good faith to compensate ITT for the telephone company until March 21, 1972, when columnist Jack Anderson published internal ITT documents suggesting that the corporation had actively engaged in plans to block the election of Allende.

On the day the Anderson papers were published, the Chilean Ambassador to the United States, Orlando Letelier, had just returned from Santiago with a counter-offer to ITT, according to Chilean government sources. After publication of the documents, Chile broke off its contacts with ITT.

At yesterday's hearing the Assistant Treasury Secretary for International Affairs, John M. Hennessy, said the Nixon administration cautioned international lending organiza-

tions against extending new lines of credit to an Allende government because of its shaky financial condition.

He acknowledged, however, that the administration had authorized a \$10 million loan to the Chilean military last year.

"That seems to me from an economic point of view entirely inconsistent," observed Case.

Replied Hennessy: "I would have to admit there is some inconsistency."