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ITT Bid Rejected By OPIC

**\$92 Million
Claim Denied
In Chile Loss**

4/10/73
By Laurence Stern
Washington Post Staff Writer

The Overseas Private Investment Corp. yesterday denied International Telephone and Telegraph's \$92.5 million claim to indemnify it for expropriation of its Chilean telephone subsidiary in 1971.

OPIC President Bradford Mills said ITT's claim was turned down because of "non-compliance with contractual obligations."

ITT, which reported \$8.5 billion in sales and revenues last year along with record profits of about \$470 million, announced through a Washington spokesman that it would seek arbitration of the OPIC decision.

John W. Guilfoyle, ITT vice president and group executive for Latin America, said ITT's claim "is valid" and would be sustained in arbitration. He noted that ITT paid OPIC nearly \$6 million in premiums to indemnify it against the \$92.5 million loss.

Meanwhile, Chilean Foreign Minister Clodomiro Almeyda hinted at a news conference yesterday that ITT's remaining holdings in his country, two Sheraton hotels and a telephone equipment manufacturing company, might also become targets of government action.

"The present activities of ITT in Chile are in a very precarious position," he said.

In announcing OPIC's denial of the ITT claim Mills said the company "failed to comply with its obligation under the OPIC contracts to disclose material information to OPIC." He also said ITT "increased OPIC's risk of

loss" by its actions in Chile. Mills said he could not elaborate in view of the impending arbitration case.

However, under its contract with OPIC, a quasi-governmental agency that indemnifies American companies for foreign expropriation actions, ITT would be in default if it had failed to pursue negotiations with the host government on compensation. Another ground for denial of payment would be failure "to make a disclosure of material information" on the case.

ITT was the subject of two weeks of Senate hearings dealing with U.S. corporate and government activities aimed at blocking Chilean President Salvador Allende from taking office in the 1970 popular and congressional elections.

The basic script for the hearings were internal ITT

See ITT, A12, Col. 3

ITT Bid Rejected By OPIC

ITT, From A1

memoranda disclosed in March, 1972, by columnist Jack Anderson which chronicled efforts by top executives of the company to stimulate anti-Allende political activity in Chile.

In the course of the hearings ITT board chairman Harold S. Geneen acknowledged that he offered a substantial sum to the Central Intelligence Agency to block Allende from coming to power, an offer the CIA declined.

Subsequently in 1970, Geneen said, he declined to become involved in a plan proposed by the CIA for recruiting other American companies in a program of economic sanctions against the Allende government.

Sen. Frank Church (D-Idaho), chairman of the foreign relations subcommittee that conducted the ITT inquiry, had said he assumed the hearings would have a

strong bearing on the outcome of the OPIC claims case.

ITT's contract with OPIC stipulates that a foreign government's seizure of its holdings would not be considered an expropriation if it was caused by "provocation or instigation by the investor."

OPIC took no public position yesterday on whether ITT's actions in Chile constituted such provocation. The only basis under which ITT could be paid under this provision would be if its actions were taken in compliance with "a specific request of the government of the United States."

In the course of the Church subcommittee hearings several members of the Senate panel served notice that they wanted to review the entire OPIC insurance program. Church, in particular, said he was concerned that the OPIC insurance contracts might extend American governmental commitments to protect the corporate welfare of individual firms doing business abroad.

One of the principal senatorial patrons of the OPIC system, Sen. Jacob K. Javits (R-N.Y.), maintained that it helps to foster U.S. private investment abroad.

Javits was originally included in the Church subcommittee at his own request. He later informed Senate Foreign Relations Committee Chairman J. W. Fulbright (D-Ark.) that he did not wish to serve on the panel, which will conduct a three-year study of the operations of U.S. multinational corporations.

CIA \$400,000 Chile Fund Reported

3/28/73
By Laurence Stern
Washington Post Staff Writer

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

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

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

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

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

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



EDWARD KORRY
... cites privilege

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

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

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

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

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

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

"I have a deep abiding conviction it is morally wrong to give you the details of privileged communication between an embassy and its government," the former ambassador told the subcommittee.

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

See ITT, A5, Col. 1

ITT, From A1

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

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

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

The former ambassador, who served in Santiago from 1967

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

Korry said he discussed the Alessandri Formula with representatives of American busi-

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

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

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

This doesn't begin to tell the old ITT-Behn story, in the areas covered included. With the Chile thing I'm surprised there is nothing on the Latin American operations of that period. The Westrick thing was a John Foster Dulles operation, and the big deal was Esso and Roumanian oilfields. The Dallas firm represented the Schroeder bank. The old Herald-Tribune blew the Dulles-Westrick play. I remember it well. I can't believe any records relating to that do not include the Dulles references. That the writer is British doesn't change the obvious importance of the name. Or have the files been tended with care? IM 4/23/73

Archives Show Strong ITT-

4/23/73
By Morton Mintz
Washington Post Staff Writer

Government records in the National Archives, ignored until recently, show that the International Telephone and Telegraph Corp. maintained close ties with the leaders of Nazi Germany from the start of the Hitler regime in 1933 until the Allied victory in 1945, the author of a forthcoming book says.

ITT "carefully arranged to become German," "deliberately invested in the German war effort," and produced Focke-Wulf bombers that "were to wreak havoc on Allied convoys," Anthony Sampson says in an article in the current issue of New York magazine.

Yet, he says, ITT later presented itself "as a victim of World War II" and, in 1967, "actually managed to obtain \$27 million in compensation from the American government for war damages to its factories in Germany." The sum included \$5 million for damage to Focke-Wulf plants "on the basis that they were American property bombed by Allied bombers," Sampson says.

Had the Nazis won, "ITT in Germany would have appeared impeccably Nazi; as they lost, it reemerged as impeccably American," Sampson says. ITT, the ninth largest industrial corporation in the United States in 1971, "buried its history in a mountain of public relations," according to Sampson.

Sampson, a newsman from the London Observer, reviewed the archives' first feet of 1930-1945 files on ITT for "The Sovereign State of ITT," to be published by Stein and Day.

This "unique source of information" about ITT's wartime activities—on the side of the Allies as well as the Axis



Pablan Bachrach

SOSTHENES BEHN
... got Army medal

powers—raises a basic question for the 93 nations in which ITT operates 331 subsidiaries and "708 subsidiaries of subsidiaries," Sampson says: "Can anyone control such a multinational corporation?"

Similar questions were raised in recent hearings by the Senate Subcommittee on Multinational Corporations on ITT's conduct in Chile.

The key figure in Sampson's copyrighted account is the late Sosthenes Behn, a one-time colonel in the U.S. Army Signal Corps who founded ITT in 1920 and imparted to it, Sampson says, an enduring "chameleon business philosophy—enthusiastically to support the regime whatever it might be."

The Virgin Islands born Behn brought ITT to Germany in 1930, when he formed a holding company, Standard Elektrizitats-Gesellschaft (SEG). He later bought another firm, Lorenz.

In a small news item on Aug. 4, 1933, The New York Times reported that Germany's new chancellor, Adolf Hitler, had for the first time

received a delegation of American businessmen. It consisted of Behn and his representative in Germany, Henry Mann.

"The meeting was the beginning of a very special relationship between ITT and the Third Reich," Sampson says. "Behn was eager to work closely with the new Nazi government."

Behn obtained the names of "reliable men acceptable to the Nazis who could join the boards of ITT's German companies," Sampson says. He names one of these as banker Kurt von Schroeder, later a general in the German SS "and the crucial channel of funds into Himmler's Gestapo."

Quickly, Sampson says, Shroeder won "massive new contracts for armaments for SEG and Lorenz. In return for his cooperation, Behn through Shroeder was soon able to get special treatment from the Nazis."

Behn's "other important Nazi ally" was Gerhardt Alois Westrick, whose law firm represented several American firms in Germany, and who also became a director of SEG and Lorenz.

Drawing on the Archives records, including transcripts of Behn's war-time phone conversation, Sampson reports such subsequent developments as these:

- (Not long after) meetings between Behn and Luftwaffe chief Hermann Goering, Goering, "ITT did Goering an important service." In 1938, in "a remarkable diversification for an electrical company," Lorenz acquired 28 per cent of Focke-Wulf, but never exercised its option of transferring profits from the company out of Germany to ITT in the United States.

- By September 1939, when the Nazis invaded Poland, SEG and Lorenz, now effectively run by Westrick, con-

trolled ITT's subsidiaries in Austria, Hungary and Switzerland. These, thanks to Shroeder's intervention, became "the first foreign companies declared by the Reich to be German," and thus exempt from Nazi confiscation.

- In the spring of 1940, Westrick came to New York to urge American businessmen to cut off supplies to Britain. A few months later, it became known that Westrick, although Behn arranged his visit and ITT paid for it, was "the personal emissary" of the Nazi foreign minister, who was "acting under Hitler's instructions."

Nazi Ties

- After the United States entered the war, the Swiss ITT factory "continued to collaborate fully with the Nazis at a time when its Swiss-owned rival, Halser, refused to make equipment for Germany: and in Spain the ITT company provided Germany with raw materials . . . and made equipment 'apparently for the German army.'"

- In January, 1943, in Washington, an official of the Federal Communications Commission said in a secret report that ITT, in Sampson's words, "was strongly suspected" of allowing its communications facilities in Argentina "to be used to pass information to German submarines."

While the FCC "thoroughly distrusted" ITT, the State Department had "grave doubts," and the Justice Department "was preparing antitrust action," Behn had "very good friends in politics and especially in the Pentagon," Sampson says.

The U.S. Army awarded Behn its highest civilian honor, the Medal of Merit, for providing it with land-line facilities. And in 1942, ITT laboratories in New Jersey invented a valuable high-frequency direction finder to protect Allied convoys, which simultaneously were being bombed by Focke-Wulfs.

ITT and CIA on Chile: A Sem

By Laurence Stern
Washington Post Staff Writer

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

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

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

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

The case has propelled into the limelight as CIA's operational contact man with ITT a government offi-

cial with the most tantalizing job title in town, William V. Broe, chief of clandestine services, Western Hemisphere, of the CIA's Directorate of Plans.

The centerpiece of this intriguing jigsaw has been ITT itself, whose motto—"serving people and nations everywhere"—well describes its multinational and conglomerate scale of operations. ITT, the nation's eighth largest industrial corporation, functions as a global subgovernment in more than 70 countries. It reported \$8.5 billion in sales and revenues during 1972.

Starting with the modest base of the Virgin Islands telephone company at the beginning of the 1920s, ITT rapidly branched out around the world under the dynamic management of a Danish entrepreneur, Sosthenes Behn, who became a naturalized American citizen when the United States bought the Virgin Islands from Denmark in 1917.

Corporate Involvement

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



JOHN McCONE
... interested in Chile



WILLIAM V. BROE
... pushed into limelight

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

And so ITT's problems in Chile came against a back-

ground of broad corporate involvement in international relations.

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

But it is by no means a picture of clear-cut collu-

blance of Influence Over Policy



HAROLD S. GENEEN
... painted into corner

sion. In fact, there was some evidence of disarray within the administration toward the assumption of power in September, 1970, of the first elected Marxist government in the Western Hemisphere, as the administrations of Chilean President Salvador Allende was called.

The professed position of the Nixon administration toward Allende's election was one of strict neutrality. This was reiterated during the

Senate hearings by former Assistant Secretary of State for Inter-American Affairs Charles Meyer and former Ambassador to Chile Edward Korry.

Yet CIA operative Brow testified under oath that his "operational" contacts with ITT, which included agency-drafted and approved plans for sabotage of the Chilean economy, were carried out with the complete approval of his superiors.

Explore Options

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

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

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

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

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

In his conversations with

ITT Vice President Edward Gerrity, Broe told the subcommittee, "it was understood that he was going to be doing it and CIA was not involved. It was ITT which was looking into the thing."

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

The indications in the investigation, never publicly confirmed by a government witness, were that the CIA was authorized to explore various covert options designed to prevent Allende from taking power. These actions fell in the shadowy region between public pol-

icy and clandestine operations that might be carried out without the public sanction of the administration.

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

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

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

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

What the testimonial pattern suggests is that as political events crystallized in Chile, the CIA and ITT were pursuing increasingly congruent goals: further roiling Chile's already disrupted economy, trying to promote the prospects of Alessandri in the congressional election, run off, ultimately seeking to block Allende's accession as president.

Kissinger Concern

ITT was pursuing its own corporate welfare in view of Allende's pre-election vows to nationalize basic industries, as well as the ITT-owned Chilean telephone company. The CIA was pursuing a softly stated mandate of the NSC to see what it could do to stave off the specter of a new Marxist administration in the politically volatile southern hemisphere.

Just how high the man-

date ran with the administration can only be a subject of speculation. The Senate subcommittee does not even entertain the possibility that it can compel the testimony of Kissinger, the man who has all the answers.

But Kissinger, 12 days after Allende's popular election, is on record as having expressed serious concern over the impact of a Chilean Marxist government on surrounding countries.

In the case of ITT, the record suggests that Geneen, McCone and other corporate executives had an access to top administration officials that has created at least a strong semblance of influence over policy.

At the time it was pushing for intervention in Chile, ITT was campaigning actively in Washington against a pending antitrust action calling for it to divest itself of the \$2 billion Hartford Insurance Co.

ITT officials were, in some cases, dealing with the same administration men on the two separate matters. As it turned out, ITT won its fight on the Hartford case when antitrust chief Richard McLaren, now a federal judge, reversed himself and withdrew opposition to the merger.

Things may not end up so happily for ITT in the Chilean affair. Its claim upon the Overseas Private Investment Corp. (OPIC), a government agency, for \$92.5 million in confiscation losses is now in doubt.

Geneen's position in the company has not been totally enhanced by the revelations on Capitol Hill of the past few weeks.

ITT's chairman is due to testify on his dealings with the administration and CIA over the Chilean affair. His position, as a result of the testimony of McCone, Broe and ITT executives, is somewhat analogous to that of a man standing in a corner surrounded by wet paint.

ITT Hearings Derail U.S.-Chile

By Lewis H. Diuguid

Washington Post Foreign Service

SANTIAGO, March 31—Chile's President Salvador Allende is now convinced that the U.S. government conspired, along with ITT, to prevent his election in 1970, advisers close to the president say.

As a result of testimony at recent hearings in Washington Allende reached this conclusion and broke off important talks between Chile and the United States, sources here said. No date was set for the resumption of the talks, which concerned the major outstanding problems between the two countries. The hearings on ITT's activities in Chile were held by a special Senate subcommittee investigating the activities of multinational corporations.

Until now, the sources here say, Allende had interpreted the International Telephone and Telegraph documents that columnist Jack Anderson revealed last year as implicating only the company, even though they referred to meetings between ITT executives and the Central Intelligence Agency's top agent in Latin America.

The documents and last week's hearings indicated that ITT worked actively to prevent the Chilean Congress from confirming the election of Allende, a Marxist, who had failed to win the popular-vote absolute majority needed for outright election. During his campaign Allende had pledged to nationalize major foreign holdings in Chile.

U.N. Speech

In a speech to the U.N. General Assembly in December Allende bitterly denounced ITT as plotting against Chile, but he avoided implicating the U.S. government in any such activity.

One item from the hearings that is said to have helped to convince Allende of U.S. involvement was a report, not confirmed in the hearings, that the National Security Council had allocated \$400,000 for covert propaganda action against Allende during the 1970 presidential campaign.

The report, in a Washington-dated dispatch from the correspondent of the Commu-

nist Party newspaper El Siglo, was apparently based on a question asked by subcommittee counsel Jerome Levinson during the testimony of Edward Korry, who was U.S. ambassador to Chile in 1970.

[Levinson asked Korry if the NSC had approved the \$400,000 fund, but Korry said he could not answer any questions concerning "the activities of the CIA."]

Bilateral Talks

The U.S.-Chile talks in

Washington that were broken off were mainly concerned with debt renegotiation and Chile's refusal to compensate American copper companies and ITT for nationalized properties.

The talks, which began in a good atmosphere in December, resumed March 22 just as CIA and ITT officials were testifying. The next day they were suspended anew. Members of the Chilean negotiating team said that the hearings were the main cause.

Chile's ambassador to the United States, Orlando Letelier, who heads the negotiating team, returned to Santiago this week to inform Allende on the talks and the hearings.

Letelier is to go back to Washington next week with Foreign Minister Clodomiro Almeyda, who is scheduled to address a meeting of the Organization of American States. Almeyda is expected to spell out Chilean efforts to reach an agreement with the United States on the copper issue, and to accuse the Americans of failing to respond.

Such a speech would break the understanding that led to the talks, since it was agreed that their content should not be revealed unilaterally. In effect, the Chilean negotiators divulged their position in conversations yesterday.

1914 Treaty

They said that Chile has offered to submit the question of compensation for the copper companies to an international panel, under provisions of a 1914 treaty with the United States.

The huge copper mines of Kennecott and Anaconda were nationalized in 1971 under a constitutional amendment approved unanimously by the Chilean Congress. Nationalism had reached such a level here that even the right-wing party supported the move.

Under the amendment, Allende was authorized to calculate the amount of "excess profits" the companies had taken out of the country and deduct this from their compensation. His calculations of excess profits far exceeded the book value of the mines, and the companies therefore received no payment.

Chile's position in its negotiations with the United States was that another constitutional amendment would be required for the copper companies to receive payment.

Talks

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If Allende were to ask for such a payment, the domestic political results would be devastating. But the Chileans argued that if an international panel were to rule in favor of the companies, some payment would be politically feasible.

—ITT Takeover

In the meantime, the Chilean government is preparing calculations for the nationalization of ITT's majority share in the \$150 million telephone company here.

A constitutional amendment to allow such nationalization is now going through the lengthy legislative process. To date it has also been receiving unanimous support.

The U.S. position, apparently, is that Allende should begin now to seek authorization, for payment of the copper companies, since the process is slow. The impasse over copper is already more than two years old.

During most of this period, Chile has achieved a de facto suspension of some \$900 million in debts to the United States. But new credits Chile needs in its deepening economic crisis have long since been suspended.

Another U.S. objection to use of the 1914 treaty is that either side can refuse to accept the final arbitration on the ground of overwhelming national interest. Chile's position is that the treaty proposal is at least an initiative made in good faith, and that it is up to the United States to accept or offer an alternative.

Good Faith

With the ITT hearings now raising the question of good faith on the part of the U.S. government, the Chilean team indicated that it will make no move to renew the talks.

Allende has established a special task force to study the Washington testimony for possible followup in Chile. He is reported to believe that Amer-

ican efforts to prevent his taking power were carried out with the connivance of opposition politicians here.

Under consideration is a plan to use the ITT issue to consolidate support for the president in the opposition-dominated Congress.

"How can it be that the North American Senate shows such interest in the case, and the Chilean Congress fails to react?" Allende is reported to have remarked.

Allende's Socialist Party is expected to call for punitive expulsion of remaining ITT interests, as it has in the past.

One of the ironies of the ITT case is that the company continues to do considerable business here.

Phone Company

The operation of its major holding, the phone company, was taken over by the government in 1971. Company and Chilean government sources alike indicated that they were near agreement on compensation when the Anderson documents were printed, and the Chileans broke off negotiations.

When the documents came out, Allende said privately, "This is the first CIA plot that benefited the victim." Indeed, the seeming confirmation of relentless Marxist charges against the imperialists was a political windfall for the president.

Allende ordered the documents printed in book form, and the book became a best-seller overnight. Then Allende announced at a huge rally that the government would "expropriate the ITT."

Later he clarified his statement, saying that only the phone company was involved. Other ITT properties here are two hotels, Avis car rentals, a small international telex service, and a phone equipment plant.

The equipment plant is valued at about \$5 million, but it is important to the government. Through it, Chile continues to import electronic gear needed to operate and slowly expand the phone service.

Imports of such materials run as high as \$20 million annually. ITT provides them from its factory in Spain, and the Spanish government extended Allende credits to pay on time.

A government administrator in the plant said he expected that in some manner ties will remain open to ITT International for equipment purchases, and he noted that no substantial difficulties have yet occurred.