

Chile seizes ITT property

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SANTIAGO, Chile (AP) — Citing national interest, the military junta expropriated ITT's controlling stock in Chile's telephone company Wednesday, adding another chapter to the U.S.-based conglomerate's tangled involvement here.

The International Telephone & Telegraph Corp. valued the holdings at \$153 million three years ago. An ITT spokesman in New York said the expropriation Wednesday was a "legal, technical step" to reach agreement on compensation and that it stemmed from a decision "favorable to the company which upheld ITT's \$95million insurance claim."

In a decree, the junta authorized the economy minister to negotiate compensation for the expropriated ITT stock in the Compania de Telefonos, a monopoly controlling Chile's 400,000 telephones.

Sources here said the decree legally defined the status of ITT's 71 per cent majority share in the company because "something must be expropriated before there can be any compensation."

ITT was accused of trying to block the 1970 election of the late President Salvador Allende, the only freely elected Marxist chief of state in the Western Hemisphere, including offering the CIA \$1 million in funds. ITT denied it.

Allende, who was toppled by the military in a bloody coup on Sept. 11, 1973

and died the same day, had pledged to build a Socialist state in Chile through democratic means.

But he dredged up long-forgotten laws to take over vast areas of private enterprise without resorting to actual expropriation and nationalization, with the exception of nationalizing huge U.S.-operated copper mines for which he paid no compensation.

Rather he "intervened" in private firms after alleged complaints of workers about labor conditions or other disputes. Usually, left-wing unions started the trouble.

In September 1971, he intervened in the telephone company charging it was providing "bad service." This meant that state-appointed administrators were sent in to direct the day-to-day operations of the firm until the alleged problem was resolved.

But Allende kept these "interventors" on the job on a permanent basis and that was the situation that the military found when they took power.

The junta set about to return hundreds of private industries to their owners.

It has been in informal negotiations with ITT over its holdings in the phone company.

But since the company was never actually nationalized or expropriated, sources here said the legal status of the stocks had to be made more clear.