

Congress and OPIC Probe ITT's Operations in Chile

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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 companion 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 Company (Chitelco).

A common focus of both inquiries is whether Chile was justifiably provoked by publicly documented efforts of ITT top executives and field operatives to thwart the election of Allende and later to bring about his downfall.

Corporate records detailing the attempted ITT political intervention, and deeply implicating the then-top official for CIA clandestine Latin American operations, were brought to light last year by columnist Jack Anderson.

The CIA official, William V. Broe, met with ITT officials in Washington and New York on a number of occasions, according to the

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published corporate memoranda, 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 payoff on its \$92.6 million claim if OPIC should find that ITT's cov-

ert 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 information, why wasn't it put in touch with the intelligence division which engages in "open" political reporting and performs the agency's basic briefing role for outside groups and individuals? Did other American companies in Chile have equal access to the senior U.S. intelligence operative in Latin America?

Former CIA Director Richard Helms, understandably enough, declined to dis-

cuss 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 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



ITT's Harold Geneen, left, is a key figure in probe of his company's operations in Argentina, where it is accused of trying to topple Salvador Allende, right.

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 officials as national security adviser Henry A. Kissinger, then-White House Assistant for International Economic Affairs Peter G. Peterson and former Attorney General John N. Mitchell.

Kissinger sent a letter that amounted to a polite brush-off, promising to refer the matter to his staff. Peterson had lunch with Geneen, after which Merriam submitted to the White House (on Oct. 1, 1971) an 18-point program of economic warfare designed to bring down the Allende government within six months.

There is no evidence that the administration took ITT up on its suggestions, although American economic aid, as well as World Bank and Inter-American Bank financing for Chile, was sharply curtailed after Allende took power.

To defend its interests in the forthcoming Senate hearings ITT has retained the law firm of Covington Burling in Washington and

Gilbert Segall and Young in New York. It has also tried to recruit additional counsel with "liberal Democratic credentials," according to one prominent Washington lawyer, presumably to keep an open line to subcommittee chairman Church.

The case has important implications for OPIC and its program of insuring American companies against foreign confiscation. Never before has the "provocation" issues arisen as dramatically as in the ITT affair.

This may well be the basis upon which OPIC makes its decision whether or not to pay ITT's damage claims. How much does a U.S. company have to do to put itself in bad order with a host government before it disqualifies itself from indemnification? And did ITT reach that threshold in its Chilean activities?

Last Dec. 4 Allende went before the United Nations General Assembly to attack ITT, which he described as "a gigantic corporation

whose capital is larger than the national budgets of several Latin American countries put together."

Said Allende: "Before the conscience of the world I accuse IT&T of attempting to

bring about civil war in my country, the greatest possible source of disintegration of a country. That is what we call imperialist intervention."

On March 4, Chile will

hold its presidential elections and Allende is seeking another term in the presidency. And by April 1 ITT has every expectation of getting its money back. It has so told its stockholders.