

# Ex-Justice Aide Warned ITT on Suits

By Jack Anderson

International Telephone and Telegraph was so fearful in 1969 that it would have to break up its conglomerate empire that it hired the former head of the Justice Department's antitrust division to bail it out.

Ex-Assistant Attorney General Lee Loevinger swiftly and expertly drafted a Machiavellian memo which, like others in our possession, was overlooked by ITT's document shredders.

If ITT President Hal Geneen had followed Loevinger's advice, he might have spared himself some of ITT's present pain. Instead, he ignored Loevinger's warning to show "greater care and sophisticated judgment" in gobbling up new firms.

"It seems quite likely," wrote Loevinger, "that there will be political and legal action" against ITT and the other conglomerates. "It also seems likely that there will be more litigation by the Antitrust Division than there has been in the last few years . . .

"These circumstances will probably require greater care and more sophisticated judgment with respect to antitrust aspects of future acquisitions and mergers."

## Ignored Advice

Loevinger's advice to Geneen, when he faced antitrust investigation, was: "Don't

over-react. Don't attack or try to deter the investigators."

This candid counsel was given three years ago—long before the current controversy erupted.

"Controversy engenders publicity," added Loevinger. "Publicity engenders political attacks . . .

"The mass news media thrive on controversy and the news value of stories is often judged by the degree of controversy they involve . . .

"As controversy engenders publicity in the mass media, so publicity invites political attacks. Elective public officials are particularly desirous of publicity but all public officials (with rare exceptions) seek it.

"It is commonplace in Washington for public officials to attempt to inject themselves into public controversies in order to gain publicity," advised Loevinger.

Loevinger urged ITT, if it had to answer a specific attack on ITT, to "make an affirmative case that ITT is making an economic contribution and has itself been the victim of anti-competitive practices."

This Washington-wise advice by Loevinger three years ago has now been ignored by ITT in the Dita Beard and CIA cases. For all the good Loevinger's memo did Geneen, it, too, might have been run through the shredder.

Footnote: Loevinger, reached by telephone in At-

lanta where he was attending a bar association meeting, said he had written the memo as a paid ITT consultant. He was brought in, he said, by ITT's John Ryan, who was also the intermediary in bringing Deputy Attorney General Richard Kleindienst together with an ITT director to discuss ITT's antitrust problems.

## Economic Adrenalin

President Nixon's economists are baffled over the failure of the economy to respond to all the adrenalin they have been shooting into it.

They have administered huge doses of money by increasing government spending and by manipulating the money supply. This was supposed to increase the amount of money in circulation and bring an economic boom in plenty of time before Mr. Nixon came up for re-election.

Yet unemployment still hovers close to six per cent, and only 75 per cent of the nation's plant capacity is being used. The dollar is also in more danger on the world markets than the public realizes.

The suspicion is growing inside the administration that defense spending may be to blame. Close to 80 per cent of federal purchases from private industry has gone for defense. This huge military outlay has brought higher profits and higher wages to a few specialized defense industries,

causing an imbalance in the marketplace.

The giant defense contractors attract capital investment away from other industries. The economic structure is thrown off balance, therefore, by the heavy concentration of money in a few mammoth corporations.

Instead of reducing military expenditures, however, President Nixon has called for increased defense spending. The other economic sectors, therefore, may continue to be neglected.

## Prayers or Pickets?

The Interior Department wants to ban all but 100 pickets from the sidewalk in front of the White House during a demonstration for National POW Week beginning March 26.

The National Peace Action Coalition, which thinks immediate withdrawal from Vietnam will lead to the POW's freedom, says the government is stalling with its injunction against the pickets until the last moment to avoid appeal.

Grounds for Interior's action are that the peace demonstrators might "storm the White House or the Presidential offices." This charge has enraged even the coalition's usually mild Quakers. President Nixon, meanwhile, is urging prayer instead of pickets as his means of getting the prisoners home.