

U.S. Failure to Probe

By Morton Kondracke
WASHINGTON — (CST)
— No in-depth financial study was conducted by government experts before the Justice Department made the biggest antitrust settlement in history with the In-

ternational Telephone & Telegraph Corp., it has been learned.

A U.S. Treasury department official said his agency conducted only an "informal" inquiry of a week or less into claims by ITT that economic disaster would re-

sult if it were forced to divest itself of the Hartford Fire Insurance Co.

Former U.S. Antitrust Chief Richard W. McLaren has testified in Senate hearings that he was persuaded to allow ITT to keep Hartford on the basis of a "full

analysis" of ITT's hardship argument by Treasury experts and an "outside" analysis by a New York investments adviser.

However, the two participants in the Treasury study said that their inquiry was

ITT Merger Admitted

"quite informal" and the outside expert was quoted as saying that he was picked to work on the case by a White House aide.

Explaining how he came to allow ITT to keep Hartford, McLaren told the Sen-

ate Judiciary Committee that ITT representatives made a presentation in his office on April 29, 1971.

ITT claimed its stockholders would lose \$1 billion and its overseas operations would be damaged, to the detriment of the U.S. balance of payments.

Wall Street Executive

"Following the meeting, we requested the Treasury representatives (who attended the meeting) and an outside consultant to evaluate the ITT claims," McLaren said.

They reported, he added, "that there was substantial support for the arguments made by ITT and that a Hartford divestiture would be indeed very difficult for ITT."

McLaren named the "independent, outside" analyst as Richard J. Ramsden, partner in a Wall Street investment firm, and the Treasury analyst as Bruce K. MacLaury, now president of the Federal Reserve Bank in Minneapolis.

At first McLaren told the Judiciary Committee that he

could not remember how he happened to choose Ramsden, but then he said he was recommended either by "the White House" or the Treasury Department. Pressed to say who at the White House recommended Ramsden, McLaren replied, "it might have been Peter Flanigan.

Nixon Aide

Ramsden revealed in an interview with the New York Times that he dealt only with Flanigan, one of Nixon's primary liaison men with the business community, and did not communicate at all with McLaren.

Ramsden furnished a 15-page report to Flanigan supporting ITT's position.

The treasury inquiry, meanwhile, produced no written report at all, merely a telephone call to McLaren advising, MacLaury said, that "there was more merit to ITT's argument, especially regarding ITT's ability to compete abroad."

In a telephone interview, MacLaury said he and Timothy Green, special assistant to the General Counsel at

Treasury, worked part-time for about a week on the ITT study. Green said he spent three or four days on it.

"It was really quite informal," MacLaury said. "It was not a thorough, in-depth investigation with a large number of staff hours involved, but it was no flip thing, either."

Green said:

"It wasn't an investigation. There was no pretension that this was an in-depth study. We did not attempt to verify the information ITT furnished us. We looked at it to see if it made sense."

MacLaury said he cannot remember who at Treasury first asked him to participate in the ITT inquiry. He recalled that he reported his findings to Treasury Secretary John Connally but could not remember what Connally said.

MacLaury and Green agreed that there was "absolutely no" pressure placed on them to reach a pro-ITT conclusion. They said they had no contact with the White House about the case.