

Senator Calls Flanigan 'Mr. Fixit' for Business

By JOHN W. FINNEY
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APPROACHED: Peter M. Flanigan, a White House aide, was among those sought out by Harold S. Geneen, I.T.T. president, for help with case.

WASHINGTON, March 14—The International Telephone and Telegraph case flared up for the first time on the Senate floor today as Senator Thomas F. Eagleton of Missouri charged that a Presidential aide, Peter Flanigan, had become "Mr. Fixit" for big business, and the White House responded with indignant denials.

In a Senate speech, the Missouri Democrat said that Mr. Flanigan was "the real missing witness" in the I.T.T. case and suggested that the former Wall Street investment banker should be called before Congress to answer questions about what Senator Eagleton called the "Flanigan factor" in favor of large corporations.

Until early this year Mr. Flanigan was an assistant to the President, dealing with a wide variety of problems and generally regarded as the leading White House contact for the business and financial community.

Last month he replaced Peter G. Peterson as assistant to the President for international economic policy and executive director of the Cabinet-level Council on International Economic Policy.

Senator Norris Cotton, Republican of New Hampshire, issued an immediate rebuttal, charging that the Missouri Democrat was indulging in "wild allegations" that smack of McCarthyism.

Following up the Cotton rebuttal, the White House press secretary, Ronald L. Ziegler told reporters that President Nixon "has confidence in Mr. Flanigan and feels he has conducted himself properly."

Suggesting that politics lay behind the Eagleton speech, Mr. Ziegler said:

"Those who are making partisan attacks on an individual have the responsibility to come forward with concrete evidence that Mr. Flanigan has gained personally in any way from his contracts."

Today's exchange brought the International Telephone and Telegraph Corporation case, now under investigation by the Senate Judiciary Committee, to the Senate floor for the first time.

From the Eagleton speech and the quick Republican rebuttal it was apparent that both sides were aware that the case could broaden into a general Democratic charge of White House favoritism toward big business.

Senator Eagleton observed that Mr. Flanigan had already been cited in the cases as the man who arranged for Richard J. Ramsden, a former associate in the Wall Street firm of Dillon, Read & Co., to draft a financial analysis that led to the dropping of antitrust charges against the conglomerate.

The Senator, however, went beyond the I.T.T. case to list four other cases in which what he described as the "Flanigan factor" was at work in favor of large corporations.

'Mastermind' Alleged

There is mounting evidence, the Senator said in a prepared speech that "shows Peter Flanigan to be no mere patcher of plaster, no apprentice applier of Band-Aids. Rather, there is reason to believe that he is the mastermind, the possessor of the scuttling feet that are heard, faintly, retreating into the distance in the wake of a White House ordered cave-in to some giant corporation."

Senator Eagleton suggested that at the request of John Place, president of the Anaconda Company, Mr. Flanigan had prevailed upon the Environmental Protection Agency not to endorse strict new air pollution regulations proposed by the Montana Board of Health.

Furthermore, the Senator said, after the E.P.A. won a court order preventing the Armco Steel Corporation from dumping highly toxic chemicals into the Houston Ship Channel, Mr. Flanigan got in touch with E.P.A. officials and the agency then reached an agreement with the company to permit the continued dumping of the materials until mid-1972.

Senator Eagleton also suggested that Mr. Flanigan was involved in the decision of the newly formed United States Postal Service to sell \$250-million of bonds on Wall Street rather than selling them to the United States Treasury.

The Senator noted that one of the underwriters for the bond issue had been Dillon, Read and that the bond transaction had been negotiated by James Hargrove, senior Assistant Postmaster General and formerly a vice president of Texas Eastern Transmission Company (Tetco).

Tetco, he observed, had its first stock issue handled by Dillon, Read and subsequently its issues were "handled for years by Flanigan for Dillon, Read."

On the basis of a report in The Oil Daily, the Senator suggested that the White House had now given orders to the Oil Policy Committee to permit new imports of natural gas, some of which would go to Tetco.

"In an oil market controlled by the White House," he said, "Peter Flanigan is in a position to insure the continued prosperity of his corporate ward."

Senator Cotton replied that Senator Eagleton was raising "flimsy charges" obviously related to the political campaign and contended that there were "not any valid charges of im-

proper conduct" by Mr. Flanigan.

Every Administration, Republican or Democrat, the New Hampshire Republican said, has somebody in the White House "familiar" with the problems of big business, adding that Mr. Flanigan was fulfilling a proper role in seeing that business interests were considered in reaching a decision.

In his speech, Senator Eagleton had acknowledged that it was "legitimate that the voice of big business be heard" in the White House, "but only as long as being a conduit for the position of big business does not lead to becoming 'Mr. Fixit.'"

There had only been a few hours notice of the Eagleton speech, and Senator Cotton based his rebuttal on a seven-page memorandum that he obviously had not had a chance to read in full before rising on the Senate floor.

Mr. Flanigan acknowledged in an interview that "my staff" had furnished some material to Senator Cotton to enable him to prepare his answer to Senator Eagleton.

As Senator Cotton spoke, two Flanigan aides — John C. Rose and R. George Crawford — followed the proceedings from the Vice President's gallery with copies of the same

memorandum in hand. The two aides abruptly left when informed by Thomas Karagolos, a White House Congressional liaison aide, that they had been sighted by a reporter in the gallery.

Senator Cotton said Mr. Flanigan called him this morning about the impending Eagleton speech and "they got some information together for me, and the boys from downtown came up with it." The two men in the gallery, he said, were "the boys who brought the stuff up."